



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016

CITY OF PLANO, TEXAS





CITY OF PLANO, TEXAS

Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016

Prepared By:

Accounting Division

**Director of Finance – Denise Tacke
Controller – Allison Friloux**

**Tyler Anderson
Natalie Chavez
Charline Grant
Pam Hanks
Debbie Hartwell
Theresa King
Ebony Lusk
Melissa McClanahan
Katherine McGuire
Brandon Potemra
Heather Potyok
Sheri Stephens
Crystal Swiere
Valerie Tidwell
Leeia Wiggins**



CITY OF PLANO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016
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January 12, 2017

To the Honorable Mayor, Members of the City Council
and Citizens of the City of Plano, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Plano, Texas (the City or Plano), for the year ended September 30, 2016, is submitted in accordance with Section 3.14 in the City Charter.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose.

KPMG LLP has issued an unmodified (clean) opinion on the City's financial statements for the year ended September 30, 2016. The independent auditors' report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

City of Plano Profile

The City of Plano is the largest city in Collin County, located in the southwest corner of the county, approximately 20 miles north of downtown Dallas. There are currently 72.1 square miles of land in the City's boundary.

The City was incorporated on June 2, 1873, under the provisions of H.B. 901 of the Texas Legislature. It was subsequently chartered on June 10, 1961, and operates under a Council-Manager form of government. The City Council is comprised of a Mayor and seven members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the Deputy City Managers, and heads of departments, and the performance of functions within the municipal organization.

Financial reporting of the entity (the government) includes all the funds of the primary government (i.e., the City of Plano as legally defined, in addition to two blended component units as discussed in the accompanying footnotes), as well as the Tax Increment Financing District, a discretely presented component unit. Discretely presented component units are legally separate entities and are not part of the primary government's operations. The government provides a full range of services including police and fire protection, environmental health, sanitation services, community development, building inspection, traffic control, parks and libraries, the construction and operation of water, sewer, drainage, environmental waste services, streets and infrastructure, and convention, tourism, and cultural events. The Plano Housing Authority, a related organization, is not a part of this report as the City's accountability does not extend beyond making the appointments of the Plano Housing Authority Board.

Local Economy

Plano is a community that offers exceptional housing, award-winning schools and a dynamic business climate, all of which are strong factors in the success of the City's economy. The City continues to benefit from other favorable conditions associated with Plano including a stable, diverse economic base and a desirable location for work and living.

Since 2014, Plano's population grew an estimated 2.4% to 276,700 in 2016. According to residential development projections by the City's planning department, it is projected to grow to 290,200 by 2026 and to 300,000 by 2036.

According to the U.S. Census Bureau, the median household income of Plano is \$82,944.

In September 2016, MONEY Magazine named Plano as the #3 Best Place to Live in America and the #1 Best Place to Live in Texas analyzing 60 key factors including taxes, health care, education, and crime rate. Additionally, MONEY Magazine named Plano the 3rd Hardest Working City in America factoring in the labor force participation rate, volunteer hours per resident, leisure time and average hours worked.

According to *wallethub.com*, Plano is the best city for job finding taking into consideration two key dimensions, "Job Market" and "Socioeconomic Environment." Metrics factored into the rankings included number of job opportunities, employment growth, median starting salary, unemployment rate, and commute and work time.

Zipppia.com ranks Plano as the #8 Most Successful City in America commenting on the various headquarters located within city limits and the low unemployment rate.

According to *Niche.com*, Plano is ranked the #5 Best City to Live in America based on crime, cost of living, public schools, local amenities, and job opportunities. Niche.com also ranked Plano as the 14th Safest City in America in 2016.

Taking into consideration median income, cost of living, and median home listing price, Plano was ranked by *huffingtonpost.com* as the #2 Best Place to Live if You are Trying to Save Money.

Plano's Environmental Health and Sustainability Department was awarded the 2016 Excellence in Sustainability Award. This program recognizes businesses, organizations, individuals as well as associations who solve environmental challenges through environmentally sustainable and innovative practices.

Plano was awarded 1st place in the Governor's Community Achievement Award for environmental efforts in the Populations over 180,000 category. Criteria used in judging include Public Awareness, Education, Community Leadership and Coordination, Beautification and Community Improvement, Litter Prevention and Cleanup, Litter Law and Illegal Dumping Enforcement, and Solid Waste Management. The funds are used for landscaping projects along local rights-of-way.

Plano was also awarded 1st in the Government Awards category of populations over 40,000 by Keep Texas Beautiful. The Government Award recognizes outstanding contributions to the Texas environment made by government departments.

Plano remains one of only a few cities in the United States receiving an "AAA" bond rating, the highest possible bond rating from Moody's Investor Services, Standard & Poor's and Fitch IBCA. In issuing their ratings, they praised the City for its stable financial position driven by conservative budgeting as well as its large and diverse tax base and strong management practices.

Given Plano's continued pro-business attitude and enthusiastic accommodation of industry, the City continues to prosper economically. The following categories represent key factors that impact Plano's economic and financial success:

Property Tax Revenues

Property tax revenues are the City's largest source of funding. Tax collections totaled \$152.5 million for fiscal year 2016, an increase of 9.1% from the prior year. According to the Collin County Appraisal District, Plano property appraisals increased 8.5% for 2016 on property tax estimates.

Sales Tax Revenues

After property tax revenues, the General Fund's second largest revenue source is sales tax generated from a variety of businesses operating in the City. Sales tax collections are produced primarily from Plano's sizeable retail base which includes, two major shopping malls, The Shops at Legacy, Historic Downtown Plano with Dallas Area Rapid Transit (DART) light rail access, as well as hundreds of specialty shops and major retailers, which together, accommodate over 16 million square feet of rentable retail building area in the City.

Sales tax allocations to the City totaled \$76.3 million from October 2015 through September 2016, a decrease of 0.6% compared to fiscal year 2015.

Employment

A strong business atmosphere, coupled with a highly educated and motivated workforce, continue to draw diverse companies to relocate to Plano. The four largest job industries are trade, transportation, and utilities; professional and business services; government; and education and health services. According to the U.S. Census Bureau, 54% of Plano residents have a bachelor's degree or higher. The unemployment rate in Plano for fiscal year 2016 was 3.7% compared to 3.5% in 2015.

Plano's large businesses, employing 1000+, include Bank of America Home Loans, Capital One Finance, CIGNA, Dell Services, Dr. Pepper Snapple Group, Ericsson, FedEx Office & Print Services, Frito-Lay, Hewlett Packard Enterprise Services, Intel Security, J.C. Penney, JPMorgan Chase NA, Liberty Mutual Insurance Company, Medical Center of Plano, Nokia, PepsiCo, Toyota Motor North America, Inc. and Texas Health Presbyterian Hospital Plano. Employing 500-999, companies having significant operations in Plano include AT&T, Baylor Scott & White Medical Center - Plano, Children's Medical Center Plano, CROSSMARK, CVE Technologies Group, Denbury Resources, Intuit, KFC Global, Pizza Hut Global and Pizza Hut U.S., NetScout, nThrive, Raytheon, Rent-A-Center, St. Jude Medical Neuromodulation Division, The Heart Hospital Baylor Plano, Transamerica, Tyler Technologies, and XO Communications. This type of environment creates a broad range of employment opportunities for Plano and area residents and creates a significant business component to the local tax base.

Job Growth

In fiscal year 2016, the following businesses announced relocation and expansion:

JPMorgan Chase & Co., a global financial services firm, is constructing its new regional operations campus in the Legacy West development. The \$300 million campus will total over 1,000,000 square feet and will house over 4,800 employees. On the corner of Dallas North Tollway and State Highway 121, the campus will be situated next to Liberty Mutual and the Gaedeke building. The company expects to start moving employees in the second half of 2017.

Fannie Mae (Federal National Mortgage Association), a government-sponsored enterprise, announced the consolidation of its three locations in North Texas, into a new 10-story, 330,000-square-foot building in Granite Park. Currently being constructed, Fannie Mae plans to open its doors in late 2017, and will employ up to 2,000 employees.

CompuCom Systems, Inc., a technology infrastructure services company, relocated their headquarters to Legacy Business Park, located on 8383 Dominion Parkway. The company occupies over 92,000 square feet of office space and will house up to 600 employees. In business since 1987, CompuCom has over 11,000 employees globally.

PennyMac Financial Services, Inc., the largest non-bank correspondent lender in the United States, has leased over 75,000 square feet at 2201 West Plano Parkway. The company is expanding their service operations to support growth and investment in technology.

Misys Financial Software, a global financial software company, opened its new office in the International Business Park located on 6400 International Parkway. Misys, a London-based company, occupies over 26,900 square feet, and expects to have over 120 employees.

Coca-Cola, a global beverage distributor, will consolidate its Dallas-Fort Worth regional office and relocate operations to Granite Park at 5800 Granite Parkway. The company, leasing over 26,000 square feet, plans to move in the fall or winter of 2016 and transition 100 employees to Granite Park One.

Toyota Connected Inc., a data science hub and product development company, was launched by Toyota in 2016 to expand the company's capabilities in data management and data services development. The company, temporarily located on 5360 Legacy Drive, will occupy 20,000 square feet of office space in the Legacy West development beginning December 2016.

APCON, an Oregon-based intelligent network monitoring solutions provider, announced the relocation of their regional office to a new building in Plano at Coit Road and Mapleshade Lane. The company is building a 58,000-square-foot office, and will occupy over 19,000 square feet, leaving additional space for other tenants. Opening in late 2016, the company will have 25 employees.

Forescout Technologies, a computer and network security company, is opening its new 12,000-square-foot Customer Care & Sustaining Engineering Center at 2400 North Dallas Parkway. The new office, opening Fall 2016, will employ up to 60 support, sustaining and quality assurance engineers.

Balance Credit, an online provider of unsecured personal loans and credit services, opened a state-of-the-art call center, located at 6504 International Parkway. Occupying 10,000 square feet, the company moved to Plano in June 2016, and anticipates employing over 100 technical and customer service employees.

Creston Electronics, a New Jersey-based high-tech firm, has moved into Legacy Tower, located on 7250 Dallas Parkway, occupying over 56,000 square feet. With over 90 locations in over 35 countries, the new office in Plano is the company's largest operation outside its headquarters in Rockleigh, N.J. Housing approximately 250 employees, the new office supports research and development, customer and technical support, manufacturing and engineering.

Long-Term Financial Planning

Long-term planning and responsiveness to changing economic conditions are a key factor in maintaining the City's fiscal health. While economic forecasts for Plano and the North Texas region remain favorable, a diminishing supply of undeveloped land and economic uncertainties at both the regional and national level remain factors when planning Plano's financial future. As Plano continues to transition to a mature community, it continues to utilize its Core Business Matrix to ensure expenditures are aligned with the Plano City Council's strategic plan and community goals.

Combined fiscal year 2017 budget appropriations across all of Plano's operating funds equal \$528.0 million, which is a \$30.7 million or 6.2% increase from the 2016 re-estimated budget. General Fund revenues in fiscal year 2017 are projected at \$279.8 million, an increase of \$14.2 million from the fiscal year 2016 re-estimated budget. Total appropriation in the General Fund for fiscal year 2017 are set at \$295.9 million, which is an increase of \$16.2 million from the fiscal year 2016 re-estimated budget.

Capital Reserve funding will be primarily supported by transfers of \$24.6 million from the General Fund, \$1.5 million from the Water and Sewer Fund, \$1.5 million from the Convention & Tourism Fund and

\$500,000 from the Municipal Drainage Fund. As an established resource for renovating, repairing and replacing existing infrastructure, the Capital Reserve Fund has been a significant factor in maintaining the City's AAA bond ratings.

Of the \$89.6 million budgeted for General Obligation capital expenditures in fiscal year 2017, \$1.2 million pertains to municipal facilities, \$27.0 million for parks and recreation, \$55.4 million for street improvements and enhancements and \$6.0 million for public infrastructure.

The Equipment Replacement Fund allows the City to minimize budgetary impacts by setting aside resources to purchase equipment and replace existing equipment which has reached the end of its useful life. The fund collects regularly scheduled depreciation charges from city departments with vehicles and capital equipment, and then uses those funds to purchase new equipment on an as needed basis. For fiscal year 2017, the Equipment Replacement Fund's projected revenues total \$11.0 million, with depreciation charges totaling \$10.3 million being the primary source of revenue. The fund is also expected to collect \$512,500 from the auction of City equipment and \$175,000 from interest earnings.

In fiscal year 2017 the City anticipates a General Obligation bond sale of \$45.0 million, a Tax Note sale of \$15.0 million and a Municipal Drainage Revenue bond sale of \$6.4 million. The General Obligation sale will fund the continued development of Plano's park system, numerous street improvements, renovation and expansion of Plano's Senior Center and design work on two upcoming renovations of recreation facilities, and public infrastructure improvements. The Tax Note sale will fund a number of technology projects associated with Plano's NextGen program as well as support the introduction of body cameras for the Plano Police Department. Municipal Drainage revenue bond sales will fund utility infrastructure construction and rehabilitation for Plano's municipal drainage utility system.

On November 1, 2015 billing for water use was increased at various amounts depending on consumption volumes, ranging from 11.1% to 11.9% to help pay for a 10.5% increase in water related fees passed down from the North Texas Municipal Water District (NTMWD), Plano's water supplier. The NTMWD has raised rates 73.8 percent since 2010. The Plano City Council attempted to absorb the additional charges from NTMWD initially, but has since had to raise rates to residents to offset the increases. In a continuing effort to minimize the overall effect of the increases, Plano City Council has elected to keep all minimum water and sewer charges static. In a continuing effort to minimize the overall effect to the residents, beginning November 1, 2016, the City of Plano elected to not pass on a water rate increase to the residents.

Relevant Financial Policies

Financial Policies. The City Council Finance Subcommittee developed written policies detailing financial goals and guidelines for the City. These included policies for accounting, budgeting, capital improvements, asset management, revenue management, risk management, investing, cash management and fund balance/reserve levels. The City Council adopted these policies and on a periodic basis, the financial policies are reviewed and updated.

Accounting Procedures and Budgetary Controls. The City's accounting records for governmental funds are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Recognizing the value of internal control, an internal audit program has been in place since 1988. This program serves to enhance controls to safeguard the City's assets and provide a reasonable assurance of proper recording of financial transactions, which, due to the changing complexity of the organization, require greater attention.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Open encumbrances are recorded as assignments of fund balance as of September 30 of each year, and the subsequent year's budget is increased to reflect these encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff and expenditure estimates by each City department. Budgets are reviewed by the Budget Committee which consists of the City Manager, Deputy City Managers, Director of Budget, Director of Finance, and Director of Human Resources. The City Manager makes final decisions and submits a recommended budget, or "Program of Service," to the City Council. The proposed budget is reviewed extensively by the City Council, a process that includes a Charter-mandated public hearing, in addition to work sessions which are open to the public. The City Charter requires adoption of the City budget by no later than September 15 of each fiscal year.

While the budget is developed and controlled at the departmental level, appropriations are made at the fund level. An ordinance establishes the budget for operating expenditures, debt service payments, and interfund transfers, while a separate ordinance establishes the property tax rate.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Budget Committee and the City Council concurrent with review of the proposed budget. (The "re-estimated" current year budget is used as a working budget for the last half of the current fiscal year.) This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

During the course of the fiscal year, expenditure controls are maintained by each department head with overall review exercised by the Budget Committee. Monthly departmental expenditure reports are generated by an automated management accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month, as well as a year-to-date total, and an actual versus planned rate of expenditure. Major expenditure requests are reviewed by the Budget and Research Department prior to the encumbrance of funds.

Constant review of revenue and expenditure trends is maintained with specific responsibility assigned to the Director of Budget. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the adopted budget.

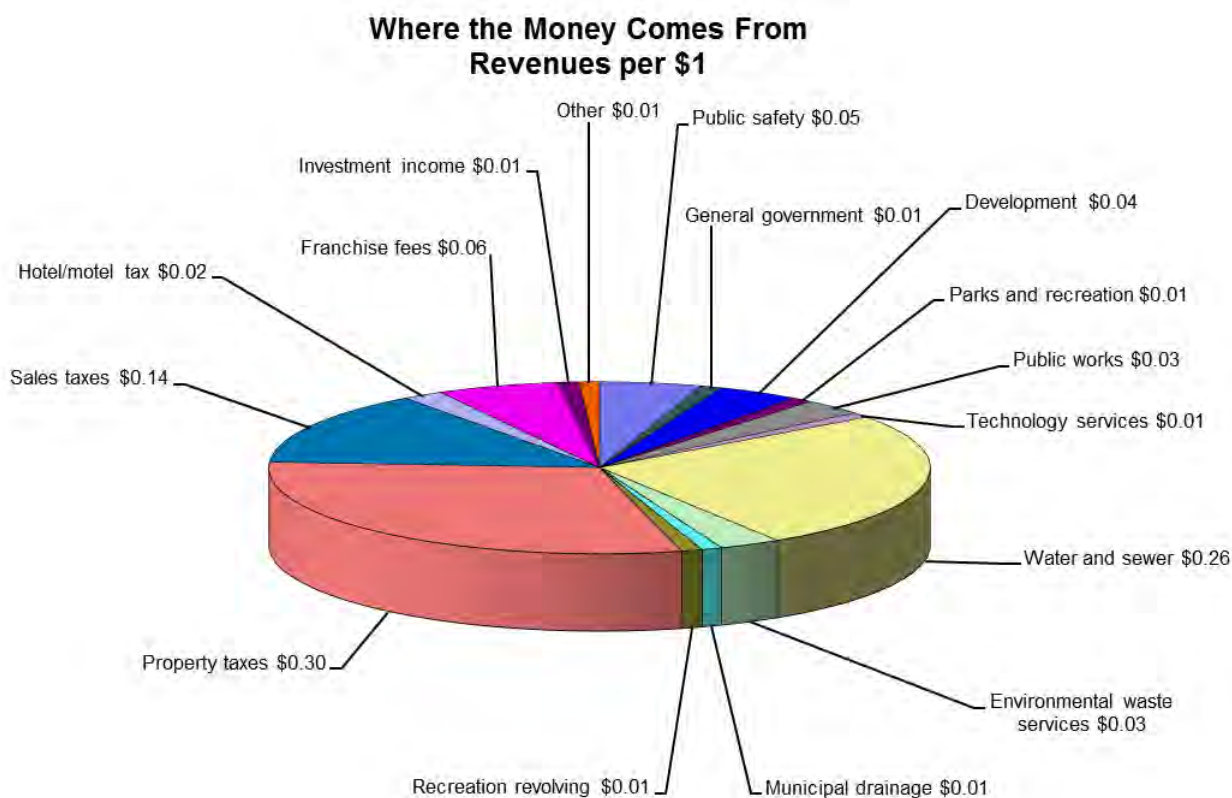
The City's Finance Department publishes a Comprehensive Monthly Finance Report (CMFR) directed at providing internal and external users with a general awareness of the City's financial positions and economic activity. The CMFR includes a Financial Summary section reporting the performances of the major operating funds, an Economic Analysis section summarizing key economic indicators and an in-depth review with graphic illustrations, and an Investment Report section describing investment activity, interest earnings and the City's portfolio. The CMFR is presented quarterly to the City Council.

Major Initiatives

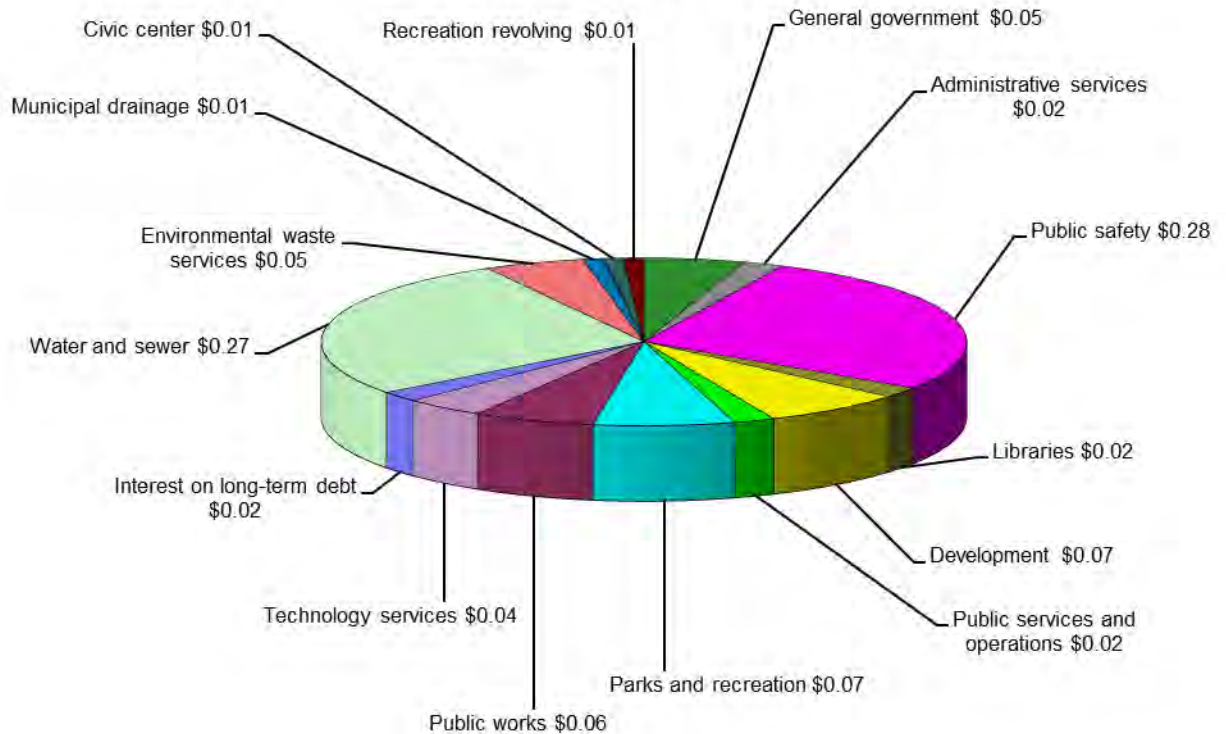
The fiscal year 2017 Community Investment Program (CIP) will continue to reflect the City's commitment to enhancing and maintaining its infrastructure. Significant facility projects from the fiscal year 2016 CIP included completion of the Jack Carter Pool Renovation, the conclusion of the reconfiguration of two fire stations and a police substation. The Technology Services Department implemented a server/storage solution as the first project of the NextGen program to expand and improve the City of Plano's technology infrastructure. Plano's park system saw \$8.4 million in expenditures to improve parks, connect trails and obtain land for future park development. Numerous major street projects were undertaken in fiscal year 2016, most notably the completion of the 15th Street renovation, Windhaven Parkway expansion, Pedestrian Crossing at US 75 and Park Boulevard projects as well as rebuilding a portion of Royal Oaks Drive. Design and initial construction took place on other joint venture street projects, including roadway construction and reconstruction, intersection improvements, and signal systems improvements. Major water and sewer projects in fiscal year 2016 included completion of the Stadium Pump Station renovation, substantial progress on the Rowlett Creek Cured In Place Pipe and Brown Branch Sewer Line Projects, and nearly \$2.7 million in expenditures to address inflow and infiltration problems within Plano's sewer system. In addition, nearly \$31.1 million was invested through the Capital Reserve Fund in repairs, renovations and rehabilitation projects for City streets, facilities, and park assets with the express intent of extending the useful life of those assets.

The City budgeted \$6.8 million for economic development incentives for fiscal year 2017 in order to remain competitive with surrounding neighboring cities. Fiscal year 2016 was the tenth year that two-cents of the property tax rate was dedicated for these incentives. The Economic Development Incentive fund is utilized to attract and retain major business and employees to the City.

The following chart depicts the sources and uses of the City's financial breakout as of fiscal year-end 2016:



Where the Money Goes Cost per \$1



Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

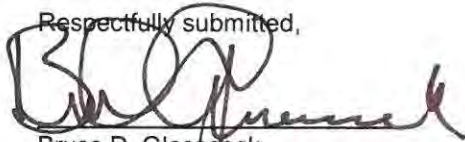
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City has received a Certificate of Achievement for the last 35 consecutive years (fiscal years ended 1981-2015). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report. Certain individuals worked many extra hours and exhibited extraordinary effort in ensuring the accuracy and timeliness of this report, and their contribution to this effort is greatly appreciated.

Our appreciation is also extended to the Mayor and members of the City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,


Bruce D. Glasscock
CITY MANAGER
Denise Tacke, CPA
DIRECTOR OF FINANCE
Allison Friloux
CONTROLLER



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

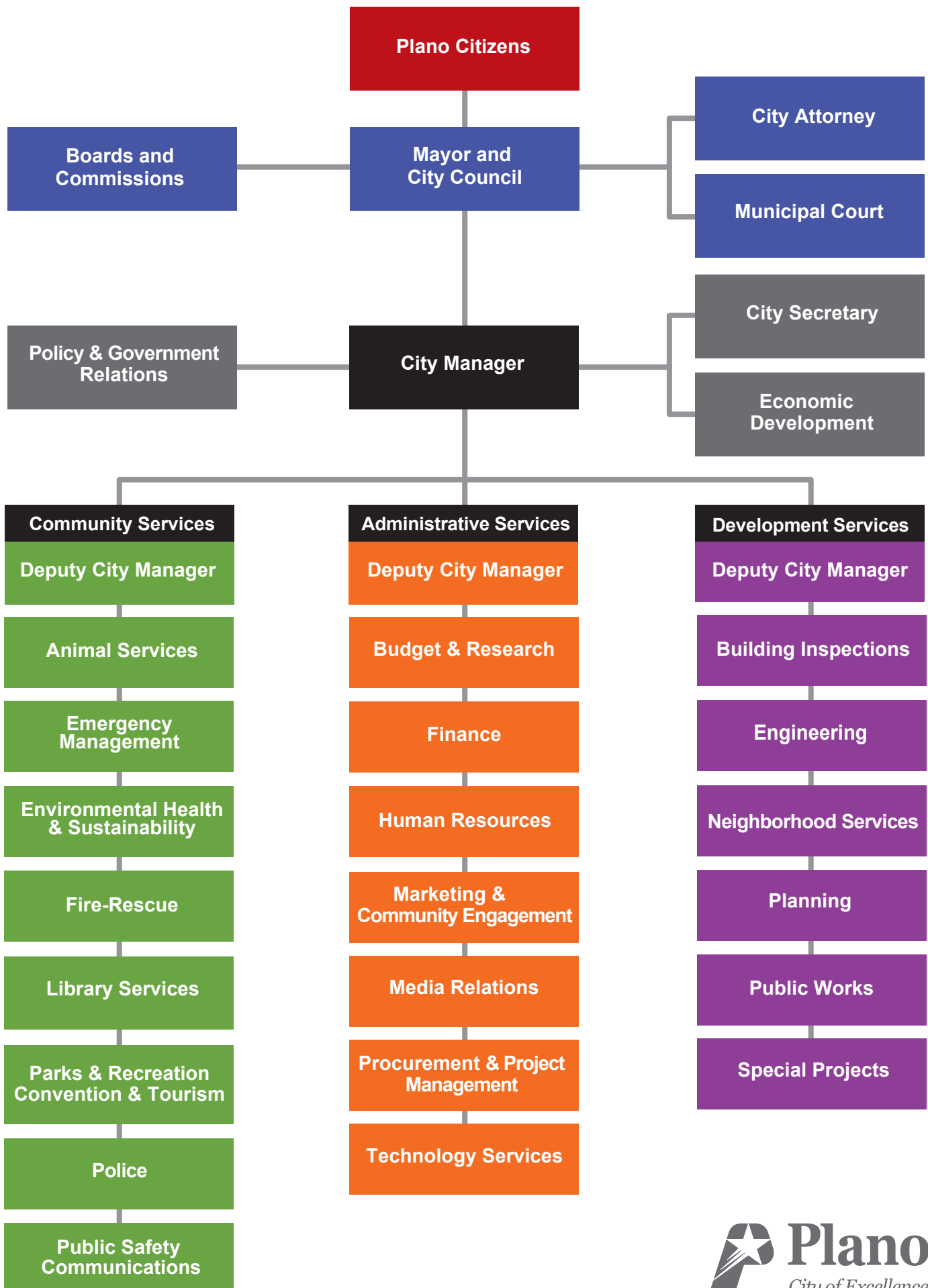
**City of Plano
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

CITY OF PLANO ORGANIZATION CHART



CITY OF PLANO, TEXAS

ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

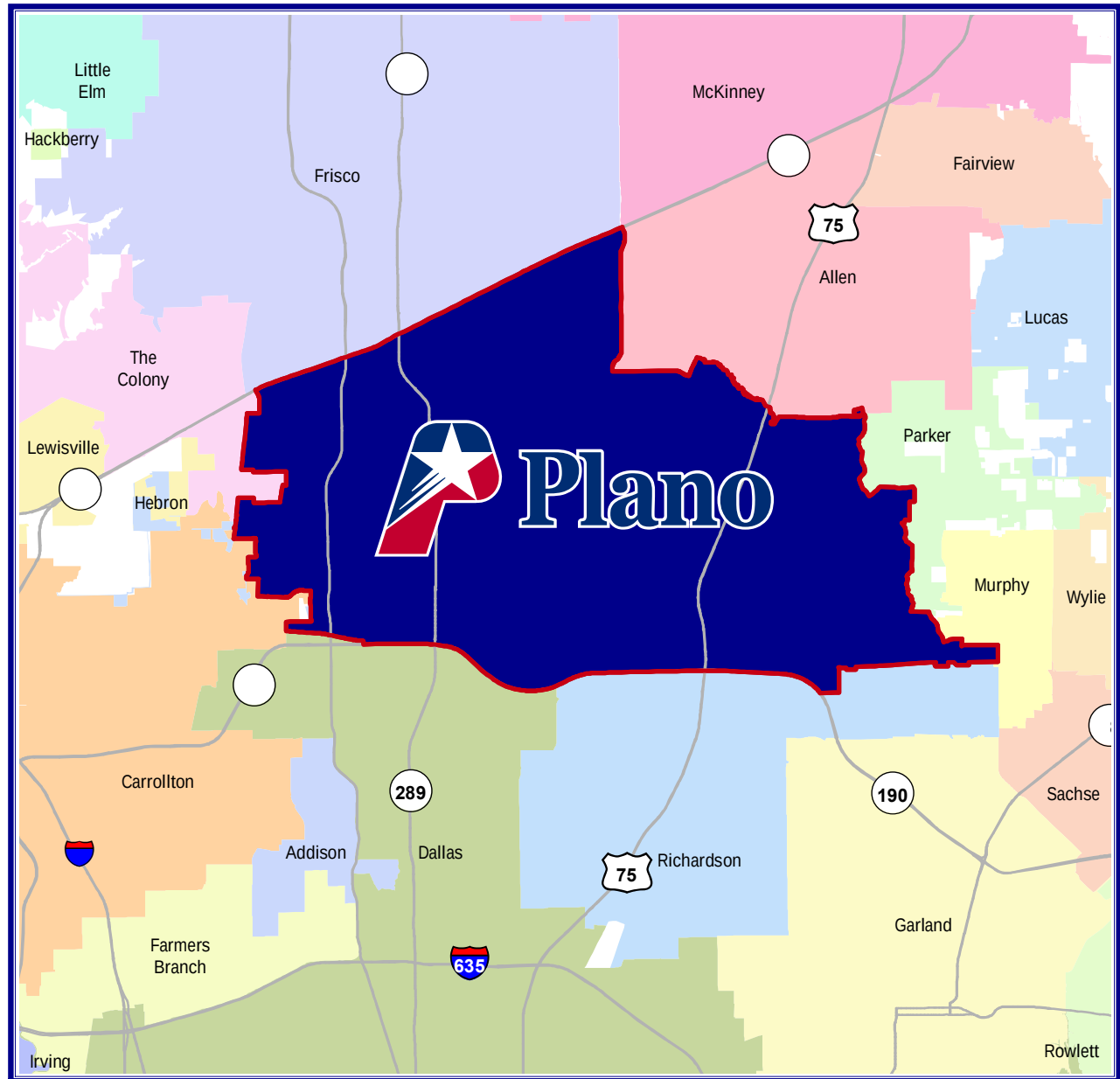
Elected Officials

<u>City Council</u>	<u>Term Expires</u>
Harry LaRosiliere Mayor Place 6	May 2017
Lissa Smith Mayor Pro Tem Place 4	May 2017
Ben Harris Deputy Mayor Pro Tem Place 2	May 2017
Angela Miner Place 1	May 2019
Rick Grady Place 3	May 2019
Ron Kelley Place 5	May 2019
Tom Harrison Place 7	May 2019
David Downs Place 8	May 2017

Administrative Officers

<u>Name</u>	<u>Position</u>
Bruce D. Glasscock	City Manager
Denise Tacke, CPA	Director of Finance
Allison Friloux	Controller

The City of Plano and Surrounding Areas







KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
The City of Plano, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plano, Texas (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plano, Texas, as of September 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the individual fund budgetary comparison schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
January 12, 2017

CITY OF PLANO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

Our discussion and analysis of the City's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1.5 billion (net position). Of this amount, \$1.1 billion (77.5 percent) is net investment in capital assets. The amount of net position restricted for a specific purpose is \$71.5 million (4.9 percent). The remaining \$255.7 million (17.6 percent) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$46.8 million. Property tax revenues are higher over prior year by \$12.7 million as a result of higher assessed property values in the current year. For fiscal year 2017, the total appraised value will include an increase in new property coming on-line of \$750.7 million while existing property values are expected to increase by \$2.3 billion. Sales tax revenues increased over prior year by \$622 thousand. Hotel/Motel tax revenues are higher over prior year by \$921 thousand primarily due to the addition of new hotels in the current year resulting in higher occupancy rates. Water and sewer service charges are higher over prior year by \$8.6 million primarily attributable to less stringent water restrictions in the current year as well as a change in rate structure. Development charges for services increased over prior year by \$2.4 million due to several large-scale projects occurring in the current fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$290.2 million, an increase of \$17.9 million in comparison with the prior year. Within this total, \$110.5 million (38.1 percent) is restricted by specific legal requirements and \$132.6 million (45.7 percent) has been committed and assigned to specific types of expenditures. Unassigned fund balance is \$46.3 million (15.9 percent) and can be used for any lawful purpose. The remaining \$806 thousand (0.3 percent) is nonspendable.
- The City's total debt increased by \$35.6 million primarily because of a larger general obligation and refunding bond issuance, as well as new revenue bonds issued in the current year related to the waterworks and sewer system.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

Position combines and consolidates current financial resources (short-term spendable resources) with capital assets and long-term obligations of governmental and business-type funds. In order to assess the overall health or financial condition of the City, other non-financial factors should also be taken into consideration. These include changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.).

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the Statement of Net Position and the Statement of Activities, the City is divided into three types of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, parks and recreation, public works, technology services and general administration. Property taxes, sales taxes and franchise fees finance most of these activities. Additionally, the City has two blended component units that are detailed in the accompanying footnotes.
- **Business-type activities** – The City charges a fee to customers in order to cover all or most of the cost of certain services the City provides. The City's water and sewer system, environmental waste system, municipal drainage system, plano centre, municipal golf course, recreation revolving activities and downtown center development activities are reported as business-type activities.
- **Component unit** – The City includes one separate legal entity in its report – Tax Increment Financing District (TIF) East Side. Although legally separate, the City is financially accountable for the TIF.

The government-wide financial statements can be found on pages 16-18 of this report.

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in

fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital reserve fund, street improvements fund, municipal facilities fund, park improvements fund and economic development incentive fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19-24.

- **Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, environmental waste services, municipal drainage, convention and tourism, golf course, recreation centers, and downtown development. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its fleet services, risk management, employee health and disability programs, municipal warehouse and its information systems. Because these services predominately benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains seven individual enterprise funds. The proprietary fund financial statements provide separate information for the water and sewer, environmental waste services and municipal drainage functions, as they are considered major funds. Data from the remaining four enterprise funds are combined into a single, aggregated presentation. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25-31 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

- **Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 34-73 of this report.

- **Other information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 74-80 of this report.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

The combining statements referred to earlier in connection with nonmajor governmental, nonmajor enterprise, internal service, agency, and component unit funds can be found on pages 81-111 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was \$1.5 billion as of September 30, 2016. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

By far the largest portion of the City's net position (77.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Table 1
Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 404,901	\$ 399,287	\$ 142,608	\$ 115,640	\$ 547,509	\$ 514,927
Capital assets	1,030,694	991,337	392,535	385,815	1,423,229	1,377,152
Total assets	1,435,595	1,390,624	535,143	501,455	1,970,738	1,892,079
Deferred outflows	80,645	33,101	9,140	3,648	89,785	36,749
Noncurrent liabilities	495,294	447,822	60,915	30,006	556,209	477,828
Other liabilities	29,760	31,941	16,408	14,160	46,168	46,101
Total liabilities	525,054	479,763	77,323	44,166	602,377	523,929
Deferred inflows	5,860	90	702	11	6,562	101
Net position:						
Invested in capital assets, net of related debt	749,830	716,648	374,463	370,220	1,124,293	1,086,868
Restricted	68,249	47,465	3,299	2,377	71,548	49,842
Unrestricted	167,247	179,759	88,496	88,329	255,743	268,088
Total net position	<u>\$ 985,326</u>	<u>\$ 943,872</u>	<u>\$ 466,258</u>	<u>\$ 460,926</u>	<u>\$ 1,451,584</u>	<u>\$ 1,404,798</u>

An additional portion of the City's net position (4.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (17.6 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true to the prior fiscal year.

The City's net position increased by \$46.8 million during the current fiscal year. Property tax revenues are higher over prior year by \$12.7 million as a result of higher assessed property values in the current year.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

For fiscal year 2017, the total appraised value will include an increase in new property coming on-line of \$750.7 million while existing property values are expected to increase by \$2.3 billion. Sales tax revenues increased over prior year by \$622 thousand. Hotel/Motel tax revenues are higher over prior year by \$921 thousand primarily due to the addition of new hotels in the current year resulting in higher occupancy rates. Water and sewer service charges are higher over prior year by \$ 8.6 million as a result of less stringent water restrictions in the current year as well as a change in rate structure. Development charges for services increased over prior year by \$2.4 million due to several large projects occurring in the current fiscal year.

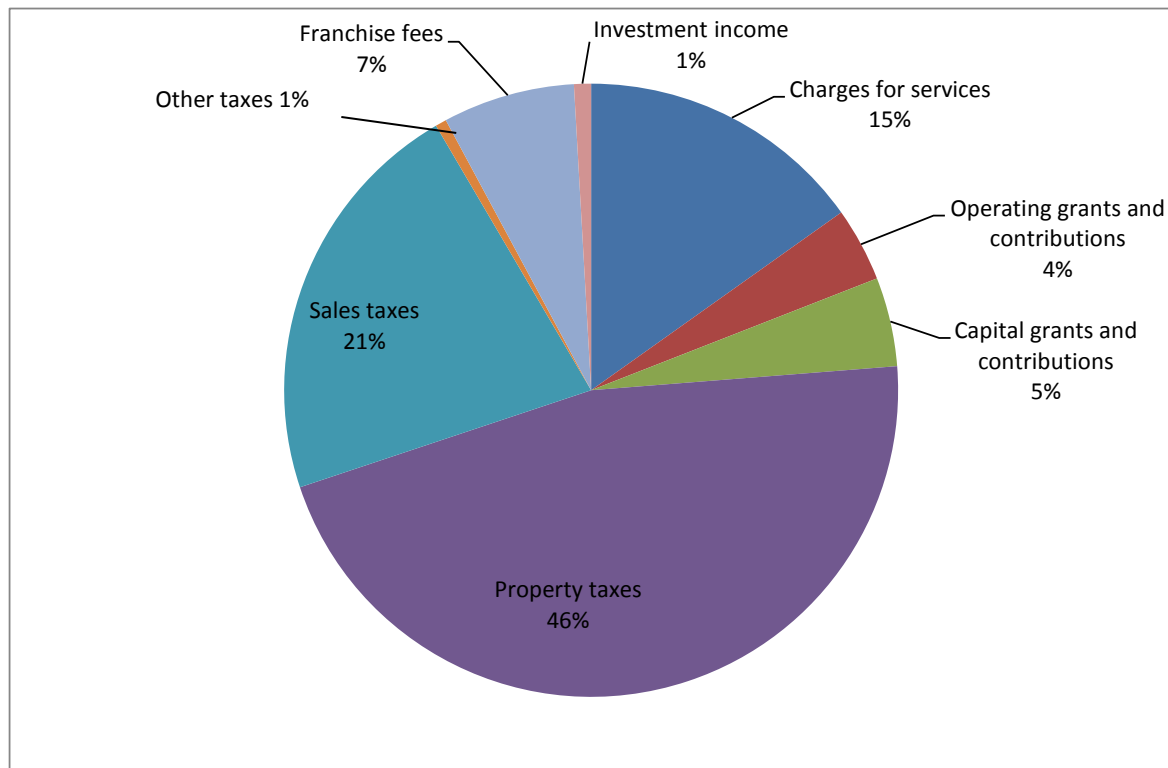
Governmental Activities

Governmental activities increased the City's net position by \$41.5 million, thereby accounting for 88.6 percent of the total growth in net position of the City. Key elements of this increase are as follows (Table 2):

Table 2
Change in Net Position
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 53,760	\$ 49,475	\$ 171,377	\$ 162,352	\$ 225,137	\$ 211,827
Operating grants and contributions	13,847	18,587	1	61	13,848	18,648
Capital grants and contributions	16,642	19,044	4,451	5,548	21,093	24,592
General revenues:						
Property taxes	163,620	150,961	-	-	163,620	150,961
Sales taxes	76,948	76,326	-	-	76,948	76,326
Other taxes	2,076	1,893	8,263	7,343	10,339	9,236
Franchise fees	24,665	25,341	8,500	7,958	33,165	33,299
Investment income	3,180	3,096	540	544	3,720	3,640
Total revenues	354,738	344,723	193,132	183,806	547,870	528,529
Expenses:						
General government	27,018	27,637	-	-	27,018	27,637
Administrative services	10,635	9,556	-	-	10,635	9,556
Police	80,837	74,607	-	-	80,837	74,607
Fire	56,725	51,268	-	-	56,725	51,268
Libraries	12,108	10,647	-	-	12,108	10,647
Development	36,860	33,116	-	-	36,860	33,116
Public services and operations	7,638	6,576	-	-	7,638	6,576
Parks and recreation	32,463	30,934	-	-	32,463	30,934
Public works	32,288	30,532	-	-	32,288	30,532
Technology services	18,524	18,194	-	-	18,524	18,194
Interest on long-term debt	10,309	8,887	-	-	10,309	8,887
Water and sewer	-	-	133,482	117,748	133,482	117,748
Environmental waste services	-	-	25,354	22,044	25,354	22,044
Municipal drainage	-	-	4,933	4,614	4,933	4,614
Convention and tourism	-	-	7,402	9,093	7,402	9,093
Municipal golf course	-	-	1,198	1,789	1,198	1,789
Recreation revolving	-	-	3,296	3,350	3,296	3,350
Downtown center development	-	-	14	11	14	11
Total expenses	325,405	301,954	175,679	158,649	501,084	460,603
Increase in net position before transfers	29,333	42,769	17,453	25,157	46,786	67,926
Transfers	12,121	10,492	(12,121)	(10,492)	-	-
Increase in net position	41,454	53,261	5,332	14,665	46,786	67,926
Net position – October 1	943,872	890,611	460,926	446,261	1,404,798	1,336,872
Net position – September 30	\$ 985,326	\$ 943,872	\$ 466,258	\$ 460,926	\$ 1,451,584	\$ 1,404,798

Revenues by Source – Governmental Activities



Program revenues were \$84.2 million, compared to \$87.1 million in fiscal year 2015. The breakdown of the decrease is as follows:

- Charges for services for governmental activities increased \$4.3 million. Development charges for services increased over prior year by \$2.4 million due to several large-scale projects occurring in the current fiscal year.
- Operating grants and contributions for the police activity decreased \$4.2 million primarily due to settlement of a federal case in the prior year.
- Capital grants decreased \$2.4 million primarily due to decreased contributions from external agencies related to streets projects.

General revenues increased from \$257.6 million in fiscal year 2015 to \$270.5 million in fiscal year 2016. Property tax revenues increased by \$12.7 million due to an increase in assessed valuations. For fiscal year 2017, the total appraised value will include an increase in new property coming on-line of \$750.7 million while existing property values are expected to increase by \$2.3 billion.

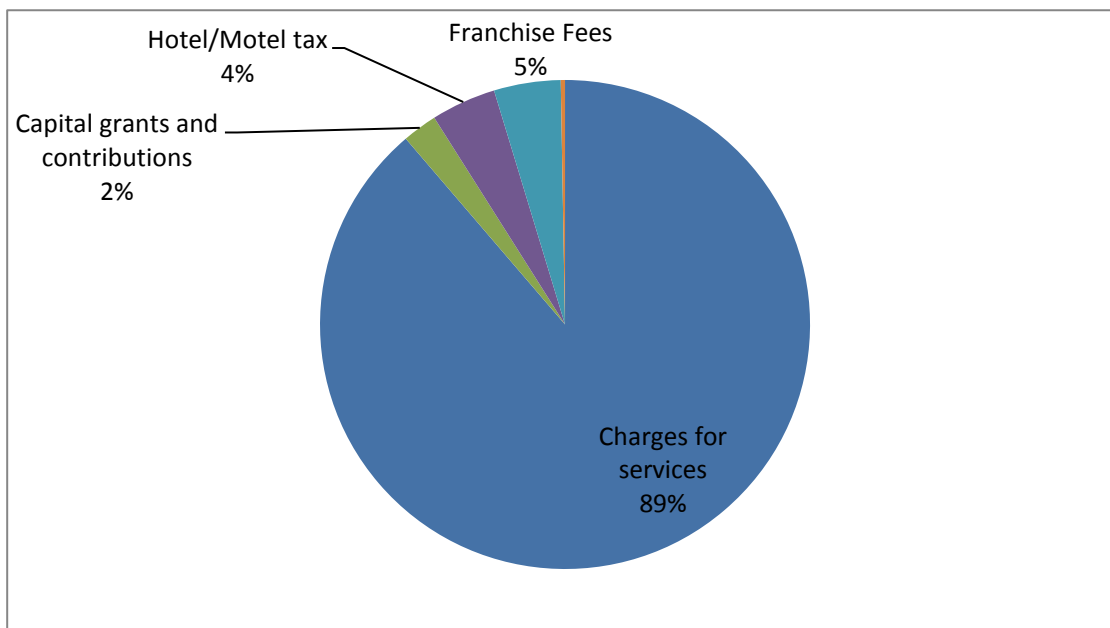
Overall, governmental activities expenses were \$325.4 million, an increase of \$23.5 million over the prior year primarily as a result of increased net pension expense for the City's retirement plans as required by Governmental Accounting Standards Board Statement (GASB) No. 68 which is explained in detail in the accompanying Notes to Basic Financial Statements.

Business-Type Activities

Revenues of the City's business-type activities were \$193.1 million for the fiscal year ended September 30, 2016. Revenues increased approximately \$9.3 million or 5.1 percent as compared to the prior fiscal year. Expenses for the City's business-type activities increased \$17.0 million or 10.7 percent. The increase in net revenues is the result of several factors, including the following:

- The City's water and sewer system recorded charges for services of \$140.7 million, an increase of \$8.6 million or 6.5 percent from the prior year primarily attributable to less stringent water restrictions in the current year as well as a change in rate structure. The increase in water and sewer revenues is offset by an increase in expenses of \$15.7 which primarily relates to higher waste water treatment and water supply costs in the current year.
- The City's environmental waste services activities operated with program expenses exceeding program revenues by \$9.1 million compared to \$5.8 million in fiscal year 2015. The City's percentage of contractual payments to North Texas Municipal Water District (NTMWD) increased \$651 thousand over the prior year. Payment is based on allocation of tonnage between member cities. Franchise fee revenue increased \$542 thousand due to an increase in collection fees and disposal volumes.
- The City's municipal drainage activity operated with charges for services exceeding expenses by \$2.4 million, compared to \$2.6 million in the prior year. The municipal drainage system recorded charges for services of \$7.3 million, which is comparable to the prior year as rates for residential billing have not changed since November 2014.
- The City's convention and tourism activity operated with expenses exceeding charges for services by \$5.0 million as compared to \$6.9 million in the prior fiscal year. Charges for services are reported at \$2.4 million, an increase of \$206 thousand, due to new events booked as well as price increases.

Revenues by Source – Business-Type Activities

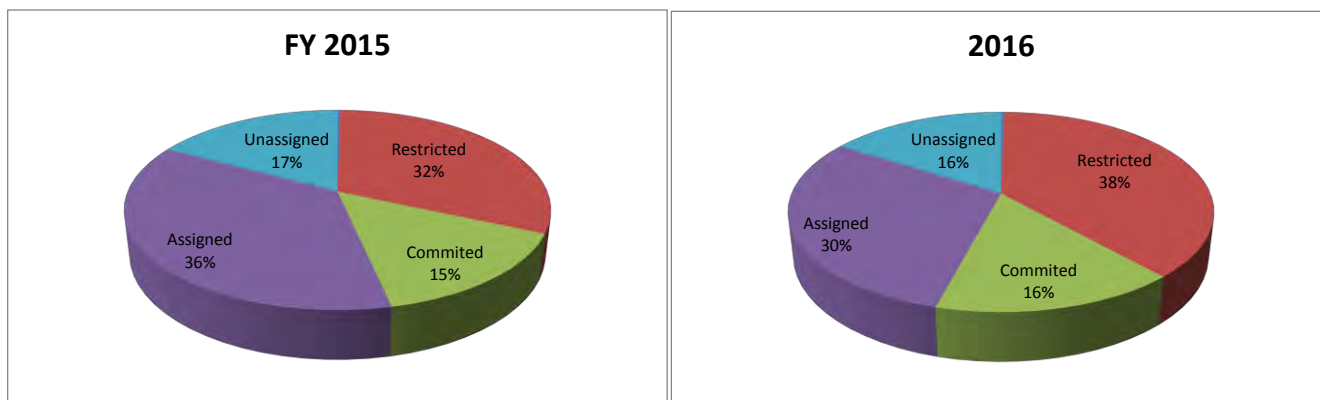


Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balances (unassigned, assigned, and committed) may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$290.2 million. Within this total \$110.5 million is restricted by specific legal requirements, such as by debt covenants, and \$132.6 million has been committed and assigned to specific types of expenditures. Unassigned fund balance is \$46.3 million and can be used for any lawful purpose. The remaining \$806 thousand is nonspendable.



The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased by \$2.6 million during the current fiscal year. Key factors in this increase are as follows:

- Expenditures increased \$9.3 million primarily due to a 3% across the board pay increase for non-civil and civil service employees, as well as the addition of 42 full-time positions.
- The increases to expenditures are offset by increased revenue related to higher property tax revenues of \$13.1 million as a result of increased property valuations.

The debt service fund has a total fund balance of \$3.9 million, all of which is restricted for the payment of debt service. The debt service fund increased by \$224 thousand primarily because of the City's refunding of general obligation debt.

The capital reserve fund balance of \$50.3 million is assigned for replacement and renewals of the City's infrastructure. The capital reserve fund balance decreased \$2.0 million from the prior year as the result of capital outlay expenditures of \$32.1 million.

The street improvements fund balance of \$37.4 million is divided between restricted for street improvements (\$25.5 million), assigned to encumbrances (\$11.9 million) and nonspendable (\$60 thousand). The street improvements fund balance increased \$1.5 million primarily due to other financing sources related to debt issuance of \$5.6 million exceeding net expenditures of \$4.1 million.

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

The municipal facilities fund balance of \$9.7 million is divided between restricted for municipal facilities (\$8.7 million) and assigned to encumbrances (\$1.0 million). The municipal facilities fund balance decreased \$5.7 million due to \$9.8 million in capital outlay expenditures primarily related to fire facilities reconfiguration.

The park improvements fund has a total fund balance of \$42.1 million, which has \$31.5 million in restricted and \$10.6 million in assigned fund balance. The park improvements fund balance increased over prior year \$12.5 million due to increased debt proceeds in fiscal year 2016.

The economic development incentive fund balance of \$45.9 million increased over prior year by \$4.7 million as a result of revenues exceeding expenditures. Although fund balance increased compared to last year, contributions from the general fund decreased \$866 thousand.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- The City's Water and Sewer fund net position of \$410.0 million increased by \$2.7 million over the prior year. In the current fiscal year, total operating revenues are \$140.2 million while operating expenses are \$132.6 million. Revenue is higher primarily attributable to less stringent water restrictions in the current year as well as a change in rate structure. Contractual payments to NTMWD are \$86.7 million of the total operating expense and increased compared to prior year due to a rate increase effective October 1, 2015.
- The City's Environmental Waste Services fund net position of \$2.9 million decreased by \$501 thousand over the prior year. Contractual payments to NTMWD are higher in fiscal year 2016 due to a 10% increase in waste tonnage in both residential and commercial customers.
- The City's Municipal Drainage fund net position increased over the prior year by \$1.4 million. Drainage rates remained constant in fiscal year 2016 with revenues reported at \$7.3 million and operating expenses and transfers out of \$5.3 million.

General Fund Budgetary Highlights

During the current year, the actual on a budgetary basis expenditures were \$248.7 million compared to the re-estimated final budget amount of \$255.4 million. Actual expenditures on a budgetary basis were \$6.3 million lower than the original budget implemented for fiscal year 2016 and \$6.6 million lower as compared to the re-estimate final. Decreases were due to continued prudent spending by the various departments, as well as salary savings from the original budget.

For fiscal year 2016, the actual on a budgetary basis revenues were \$259.8 million as compared to the re-estimated final budget amount and original budget amount of \$256.6 million and \$255.0 million, respectively. The primary reason for the increase in actual revenue compared to the re-estimated budget is related to a \$3.6 million increase in sales tax revenue as a result of the slight improvement in the local economy. The City Council has capped the amount that can be budgeted for sales tax revenue based upon a rolling three-year average, which is \$72.8 million.

The City has an actual on budgetary basis general fund balance of \$47.0 million as of the fiscal year-end, compared to the re-estimated budget fund balance and original budget fund balance of \$37.5 million and \$35.6 million, respectively. The variance in fund balance is primarily due to the aforementioned variance in sales tax and continued prudent spending by the departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2016, the City had \$1.4 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (Table 3). This amount represents a net increase (including additions and deductions) of \$46.1 million over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 139,756	\$ 138,798	\$ 6,510	\$ 6,478	\$ 146,266	\$ 145,276
Buildings and improvements	211,343	197,039	337,907	325,074	549,250	522,113
Equipment	50,915	50,960	740	694	51,655	51,654
Construction in progress	40,748	49,986	18,028	23,530	58,776	73,516
Public art	1,699	1,699	-	-	1,699	1,699
Infrastructure	586,233	552,855	-	-	586,233	552,855
Drainage improvements	-	-	29,350	30,039	29,350	30,039
Totals	\$ 1,030,694	\$ 991,337	\$ 392,535	\$ 385,815	\$ 1,423,229	\$ 1,377,152

This year's major capital outlay additions for governmental capital projects included (in millions):

Reconstruction of pavement and sidewalks	\$ 6.4
Residential street and alley repairs	3.5
Repair screening walls	1.0
Arterial concrete repair	3.7
Arterial joint sealing program	2.4
Infiltration and inflow repairs	1.2
Rowlett creek rehabilitation	4.9
Brown Branch sewer line replacement	3.9
Sanitary sewer manhole sealing	1.5
Various intersection improvements	8.5
Athletic field renovations	5.2
Jack Carter pool renovation	8.7
Municipal center renovations	1.1
Headquarters at Communications reconfiguration	1.4
Server storage solution	1.9
Fire station reconfiguration	5.7
Downtown enhancements	1.2
Plano Centre enhancements	1.3
	<u>\$ 63.5</u>

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

The City's fiscal year 2017 general obligation capital budget includes \$89.6 million for capital projects, principally for four major categories: street improvements and enhancements, parks and recreation, municipal facilities and public infrastructure improvements. An additional \$46.6 million in general obligation bond proceeds will be required to support the entire 2016-2017 general obligation capital investment program.

Street Improvements and Enhancements. The City plans to spend \$55.5 million on street improvements and enhancements including \$3.3 million for Legacy Drive corridor improvements, \$3.1 million for Park Boulevard corridor improvements, \$2.3 million for 18th Street and Rigsbee Drive street rehabilitation, \$2.6 million for Dallas North Estates, \$2.4 million for intersection improvements at Plano Parkway and Los Rios Boulevard, \$2.2 million for Russell Creek Drive from Independence to Sutherland, \$2.1 million for the Preston Road and Plano Parkway intersection, \$2.1 million for Preston Road and State Highway 190 intersection improvements and \$2.9 for various bridge inspections and repairs. The remaining funds for street improvements are for a variety of projects.

Parks and Recreation. Estimated expenditures for parks and recreation facilities are \$27.0 million including \$6.0 million to expand the Senior Center, \$5.0 million for Carpenter Park renovation, \$2.4 million for Plano Transit Veloweb, \$1.0 million for Oak Point Park and Nature Preserve, \$1.0 million for Windhaven Meadows Park development, \$1.0 million for Cottonwood Creek Trail, \$1.4 million for various land acquisitions and \$3.4 million for various park improvements. The remaining funds for park improvements are for a variety of projects.

Municipal Facilities. Estimated expenditures for municipal facilities are \$1.2 million including work scheduled for the fire training center, police headquarters and gun range and various libraries.

Public Infrastructure Improvement. Estimated expenditures of \$6.0 million are to improve publicly owned infrastructure that serves commercial areas, such as streets, utilities and open spaces, in coordination with private development and reinvestment in commercial properties. Funds are intended to improve older areas of Plano by enhancing existing infrastructure so further economic development becomes attractive to private firms and investors.

More detailed information about the City's capital asset activity is presented in Note 4 to the financial statements.

Debt

At year-end, the City had \$374.9 million in bonds and tax anticipation notes outstanding as compared to \$339.2 million at the end of the prior fiscal year, an increase of 10.5 percent – as shown in Table 4.

Table 4
Outstanding Debt, at Year-end
(in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds and tax anticipation notes (backed by the City)	\$ 332,367	\$ 322,852	\$ -	\$ -	\$ 332,367	\$ 322,852
Revenue bonds (backed by fee revenues)	-	-	42,490	16,368	42,490	16,368
Totals	\$ 332,367	\$ 322,852	\$ 42,490	\$ 16,368	\$ 374,857	\$ 339,220

City of Plano, Texas
Management's Discussion and Analysis (continued)
September 30, 2016

During the current fiscal year, the City issued \$33.6 million in new general obligation bonds and refunded \$36.6 million of general obligation debt. Additionally, the City issued \$24.8 million in waterworks and sewer system revenue bonds in fiscal year 2016.

The City's general obligation bonds and tax notes continue to carry an "AAA" rating, the highest rating possible. This rating has been assigned to the City's tax-supported debt since February 2000, by Moody's Investor Service, Standard & Poor's and Fitch, Inc. The City's drainage revenue bonds carry Aa2 and AAA ratings, as assigned by two of the national rating agencies. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. The City has claims and judgments of \$5.9 million outstanding at year-end compared with \$5.9 million at the end of the prior fiscal year. Claims and judgements of \$3.5 million relate to property/liability losses while \$2.4 million relate to health claims which are \$41 thousand higher than prior year. Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

In addition to the economy, the City's elected and appointed officials addressed a variety of factors, departmental requests and public input when setting the budget and tax rates for fiscal year 2017. In keeping with our commitment, the 2016-17 Combined Budget provides for continued exceptional, quality services for residents, businesses and the Plano community. The Budget also provides for continued maintenance and improvements to the City's \$2.4 billion infrastructure and ensures that our Capital Reserve Fund is adequately funded. In addition, we continue to focus on initiatives that help the City of Plano better engage with the community to deliver services that address needs and concerns across Plano neighborhoods and improve the quality of life across the city. With additional revenues available as a result of increased property values and increased building and development also comes the opportunity to better serve our citizens through existing service offerings, Public Safety Program additions, neighborhood reinvestment, and infrastructure maintenance.

The largest single revenue source in the fiscal year 2017 General Fund Budget is property taxes, which account for 42.8% of total revenues. Assessed property values in Plano increased 9.8% from the prior year, including \$750.7 million in new property entering the tax roll for the first time. The 2016-17 Budget does include a one-cent tax rate decrease from 48.86 cents to 47.86 cents per \$100 of assessed property valuation in order to recognize taxpayers concerns over increasing assessed property values. Sales tax revenue remains the City's second largest revenue source, making up 27.0% of General Fund revenues.

NTMWD is projecting both water and sewer rate increases for 2016-17. Wholesale water purchased from the district is projected to increase by 10.5% per thousand gallons and is based on the full take-or-pay contract volume of 26.7 billion gallons. The increased costs are directly tied to payments for the NTMWD debt service associated with the pipeline that brings raw water from Lake Texoma to the Wylie treatment plant and the Lower Bois d'Arc Creek Reservoir project. Due to increased water revenue collections last summer as a result of NTMWD lifting water restrictions, the pass through water rate increase will not be necessary for 2016-17. However, a 5% wastewater rate increase will be required to offset the \$2.6 million in increased contract cost from NTMWD. The increase in the wastewater rate is to pay for increased NTMWD debt service costs along with requirements by Texas Commission on Environmental Quality (TCEQ) for Capacity Management, Operations and Maintenance (CMOM).

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Accounting Office, at City of Plano, 1520 Avenue K, Suite 370, Plano, Texas 75074.



CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and cash equivalents	\$ 78,338,717	\$ 10,232,744	\$ 88,571,461	\$ 2,539,581
Investments	286,504,168	34,629,657	321,133,825	9,454,908
Receivables (net of allowance for uncollectibles)	20,296,968	21,168,621	41,465,589	-
Internal balances	(13,693,620)	13,693,620	-	-
Due from other governments	9,952,431	-	9,952,431	-
Inventories	1,179,827	78,026	1,257,853	-
Prepays and other assets	22,322,737	2,424,633	24,747,370	-
Restricted assets:				
Cash and cash equivalents	-	12,784,362	12,784,362	-
Investments	-	47,316,197	47,316,197	-
Receivables	-	280,226	280,226	-
Capital assets:				
Nondepreciable	182,203,438	24,537,759	206,741,197	1,579,168
Depreciable (net)	848,490,424	367,997,087	1,216,487,511	-
Total assets	1,435,595,090	535,142,932	1,970,738,022	13,573,657
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	72,473,578	8,768,168	81,241,746	-
Deferred charges on refunding	8,171,352	372,086	8,543,438	-
	80,644,930	9,140,254	89,785,184	-
LIABILITIES				
Accounts payable	5,984,144	6,038,512	12,022,656	400
Accrued liabilities	9,433,212	2,877,121	12,310,333	-
Accrued interest payable	1,106,514	465,463	1,571,977	-
Contracts payable	4,352,482	2,108,583	6,461,065	-
Customer deposits	-	3,030,732	3,030,732	-
Escrow liability	-	6,320	6,320	-
Unearned revenue	4,797,001	699,378	5,496,379	-
Due to other governments	2,252,417	-	2,252,417	-
Retainage payable	1,767,672	1,182,536	2,950,208	-
Seized assets payable	65,717	-	65,717	-
Noncurrent liabilities				
Due within one year:				
Compensated absences	4,917,493	377,838	5,295,331	-
Bonds and notes payable	31,233,091	2,756,130	33,989,221	-
Liability for insurance claims	5,568,803	-	5,568,803	-
Due in more than one year:				
Compensated absences	33,413,459	3,589,199	37,002,658	-
Bonds and notes payable	301,133,517	39,734,456	340,867,973	-
Net pension liability	118,699,071	14,457,009	133,156,080	-
Liability for insurance claims	328,977	-	328,977	-
Total liabilities	525,053,570	77,323,277	602,376,847	400
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	5,860,033	702,253	6,562,286	-
NET POSITION				
Net investment in capital assets	749,829,714	374,462,834	1,124,292,548	1,579,168
Restricted for:				
Capital projects, special revenue and component unit	64,323,810	-	64,323,810	11,994,089
Debt service	3,925,760	3,298,965	7,224,725	-
Unrestricted	167,247,133	88,495,857	255,742,990	-
Total net position	\$ 985,326,417	\$ 466,257,656	\$ 1,451,584,073	\$ 13,573,257

The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 27,017,457	\$ 6,691,140	\$ 1,424,913	\$ -
Administrative services	10,635,244	3,928	-	-
Police	80,837,474	17,981,734	1,391,197	151,516
Fire	56,724,482	5,798,677	129,795	-
Libraries	12,107,913	245,954	107,694	-
Development	36,859,600	12,573,047	9,162,452	-
Public services and operations	7,638,382	1,534,663	154,648	-
Parks and recreation	32,462,901	5,049,382	326,873	399,959
Public works	32,287,926	18,829	1,149,131	16,090,646
Technology services	18,524,241	3,862,930	-	-
Interest on long-term debt	10,309,486	-	-	-
Total governmental activities	325,405,106	53,760,284	13,846,703	16,642,121
Business-type Activities:				
Water and sewer	133,481,605	140,654,894	-	4,451,393
Environmental waste services	25,354,273	16,288,331	1,041	-
Municipal drainage	4,933,219	7,318,823	-	-
Convention and tourism	7,402,651	2,420,541	-	-
Municipal golf course	1,198,346	887,717	-	-
Recreation revolving	3,295,974	3,733,821	-	-
Downtown center development	14,273	73,206	-	-
Total business-type activities	175,680,341	171,377,333	1,041	4,451,393
Total primary government	\$ 501,085,447	\$ 225,137,617	\$ 13,847,744	\$ 21,093,514
Component unit:				
TIF East Side	\$ 2,947,017	\$ 3,000	\$ -	\$ -

General revenues:
Property taxes
Sales taxes
Mixed drink taxes
Hotel/Motel tax
Other taxes
Franchise fees based upon gross receipts
Investment income
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (18,901,404)		\$ (18,901,404)	
(10,631,316)		(10,631,316)	
(61,313,027)		(61,313,027)	
(50,796,010)		(50,796,010)	
(11,754,265)		(11,754,265)	
(15,124,101)		(15,124,101)	
(5,949,071)		(5,949,071)	
(26,686,687)		(26,686,687)	
(15,029,320)		(15,029,320)	
(14,661,311)		(14,661,311)	
(10,309,486)		(10,309,486)	
(241,155,998)		(241,155,998)	
	\$ 11,624,682	11,624,682	
	(9,064,901)	(9,064,901)	
	2,385,604	2,385,604	
	(4,982,110)	(4,982,110)	
	(310,629)	(310,629)	
	437,847	437,847	
	58,933	58,933	
	149,426	149,426	
(241,155,998)	149,426	(241,006,572)	
			(2,944,017)
163,619,692	-	163,619,692	3,996,240
76,948,348	-	76,948,348	-
1,930,054	-	1,930,054	-
-	8,263,231	8,263,231	-
145,579	-	145,579	-
24,665,352	8,499,964	33,165,316	-
3,180,298	539,844	3,720,142	-
12,121,270	(12,121,270)	-	-
282,610,593	5,181,769	287,792,362	3,996,240
41,454,595	5,331,195	46,785,790	1,052,223
943,871,822	460,926,461	1,404,798,283	12,521,034
\$ 985,326,417	\$ 466,257,656	\$ 1,451,584,073	\$ 13,573,257

**CITY OF PLANO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2016**

	General	Debt Service	Capital Reserve	Street Improvements
ASSETS				
Cash and cash equivalents	\$ 12,135,203	\$ 830,099	\$ 11,459,588	\$ 6,974,737
Investments	44,857,910	3,072,277	42,413,072	25,814,195
Receivables (net of allowance for uncollectibles)				
Taxes	14,453,144	266,957	-	-
Accounts	1,669,161	-	-	-
Accrued interest	265,668	18,195	251,189	152,883
Assessments	-	-	-	1,366,121
Other	-	-	-	-
Due from other funds	249,340	-	-	-
Due from other governments	12,770	-	-	9,575,042
Inventories	85,078	-	-	-
Prepaid items and other assets	370,353	-	-	60,480
Total assets	74,098,627	4,187,528	54,123,849	43,943,458
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	2,713,718	-	-	-
Accrued liabilities	7,959,885	-	-	-
Contracts payable	-	-	3,309,043	896,118
Unearned revenue	1,203,121	-	-	4,935,001
Due to other funds	13,195	-	-	-
Due to other governments	211,599	-	-	-
Retainage payable	-	-	548,373	713,258
Seized assets payable	-	-	-	-
Total liabilities	12,101,518	-	3,857,416	6,544,377
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	7,807,136	261,768	-	-
Fund Balance:				
Nonspendable:				
Prepaid items and inventories	455,431	-	-	60,480
Restricted for:				
Debt service	-	3,925,760	-	-
Street improvements	-	-	-	25,471,864
Municipal facilities	-	-	-	-
Park improvements	-	-	-	-
Special revenue	-	-	-	-
Blended component unit	-	-	-	-
Committed to:				
Economic development incentive	-	-	-	-
Assigned to:				
General government	1,467,631	-	-	-
Administrative services	137,514	-	-	-
Police	486,882	-	-	-
Fire	424,768	-	-	-
Libraries	438,946	-	-	-
Development	1,414,002	-	-	-
Public services and operations	218,640	-	-	-
Parks and recreation	1,447,926	-	-	-
Public works	1,118,121	-	-	-
Capital reserve	-	-	50,266,433	-
Street improvements	-	-	-	11,866,737
Municipal facilities	-	-	-	-
Park improvements	-	-	-	-
Other capital projects	-	-	-	-
Other purposes	328,144	-	-	-
Unassigned	46,251,968	-	-	-
Total fund balance	54,189,973	3,925,760	50,266,433	37,399,081
Total liabilities, deferred inflows, and fund balance	\$ 74,098,627	\$ 4,187,528	\$ 54,123,849	\$ 43,943,458

The notes to the financial statements are an integral part of this statement.

Municipal Facilities	Park Improvements	Economic Development Incentive	Other Governmental Funds	Total Governmental Funds
\$ 2,086,656 7,722,926	\$ 9,276,207 34,332,163	\$ 9,685,691 35,847,700	\$ 11,167,810 37,953,843	\$ 63,615,991 232,014,086
-	-	-	-	14,720,101
-	-	-	483,913	2,153,074
45,739	203,330	212,306	382,522	1,531,832
-	-	-	-	1,366,121
-	-	-	189,356	189,356
-	-	-	-	249,340
-	-	-	364,619	9,952,431
-	-	-	-	85,078
-	-	145,600	143,991	720,424
<u>9,855,321</u>	<u>43,811,700</u>	<u>45,891,297</u>	<u>50,686,054</u>	<u>326,597,834</u>
-	-	-	584,941	3,298,659
-	1,195,483	-	23,639	9,179,007
147,321	-	-	-	4,352,482
-	-	-	25,000	6,163,122
-	-	-	239,534	252,729
-	-	-	2,040,818	2,252,417
-	506,041	-	-	1,767,672
-	-	-	65,717	65,717
<u>147,321</u>	<u>1,701,524</u>	<u>-</u>	<u>2,979,649</u>	<u>27,331,805</u>
-	-	-	1,000,046	9,068,950
-	-	145,600	143,991	805,502
-	-	-	-	3,925,760
-	-	-	-	25,471,864
8,719,691	-	-	3,922,637	12,642,328
-	31,497,339	-	-	31,497,339
-	-	-	36,922,587	36,922,587
-	-	-	60,274	60,274
-	-	45,745,697	-	45,745,697
-	-	-	-	1,467,631
-	-	-	-	137,514
-	-	-	-	486,882
-	-	-	-	424,768
-	-	-	-	438,946
-	-	-	-	1,414,002
-	-	-	-	218,640
-	-	-	-	1,447,926
-	-	-	-	1,118,121
-	-	-	-	50,266,433
-	-	-	-	11,866,737
988,309	-	-	-	988,309
-	10,612,837	-	-	10,612,837
-	-	-	5,656,870	5,656,870
-	-	-	-	328,144
-	-	-	-	46,251,968
<u>9,708,000</u>	<u>42,110,176</u>	<u>45,891,297</u>	<u>46,706,359</u>	<u>290,197,079</u>
<u>\$ 9,855,321</u>	<u>\$ 43,811,700</u>	<u>\$ 45,891,297</u>	<u>\$ 50,686,054</u>	<u>\$ 326,597,834</u>

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet	\$ 290,197,079
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	991,787,500
Deferred outflows represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.	8,171,352
Deferred outflows related to pensions.	72,473,578
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.	22,535,016
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	86,808,947
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(371,156,901)
Deferred inflows represent an acquisition of net position that applies to future periods. The amount is unavailable and deferred at the fund level but recognized as revenue in the governmental activities.	9,068,950
Net pension liability and deferred inflows related to pensions.	(124,559,104)
Net position of governmental activities	<u>\$ 985,326,417</u>

The notes to the financial statements are an integral part of this statement.



CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Debt Service	Capital Reserve	Street Improvements
REVENUES				
Taxes:				
Property taxes	\$ 111,458,536	\$ 41,017,981	\$ -	\$ -
Sales taxes	76,347,085	-	-	-
Other taxes	2,043,529	-	-	-
Franchise fees	23,795,403	-	-	-
Fines and forfeitures	7,093,728	-	-	-
Contributions	-	-	928,500	6,865,122
Rollback taxes	-	-	2,080,324	-
Licenses and permits	13,864,396	-	-	-
Intragovernmental	9,845,021	-	-	-
Intergovernmental	1,039,506	-	-	4,810,092
Fees for services	13,793,976	-	-	-
Assessed taxes	-	-	-	-
Loan repayments	-	-	-	-
Investment income	826,979	315,273	412,491	250,474
Miscellaneous	1,785,782	151,516	54,760	-
Total revenues	261,893,941	41,484,770	3,476,075	11,925,688
EXPENDITURES				
Current operating:				
General government	28,719,550	-	-	-
Administrative services	10,137,693	-	-	-
Police	71,176,863	-	-	-
Fire	53,812,611	-	-	-
Libraries	10,827,105	-	-	-
Development	30,749,720	-	-	-
Public services and operations	6,362,128	-	-	-
Parks and recreation	23,043,731	-	-	-
Environmental waste services	-	-	-	-
Public works	6,328,770	-	-	-
Technology services	1,000,000	-	-	-
Capital outlay	1,482,113	-	32,126,652	16,020,148
Interest and fiscal charges	-	-	-	37,584
Debt service:				
Principal retirement	-	28,540,000	-	-
Interest and fiscal charges	-	12,982,753	-	-
Total expenditures	243,640,284	41,522,753	32,126,652	16,057,732
Excess (deficiency) of revenues over (under) expenditures	18,253,657	(37,983)	(28,650,577)	(4,132,044)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	4,731,051
Issuance of debt - refunding	-	33,585,000	-	-
Escrow payment - refunding	-	(39,339,873)	-	-
Premium on sale of bonds	-	6,016,819	-	876,533
Capital receipt of land	-	-	-	-
Capital disposal of land	-	-	-	-
Proceeds from sale of land	-	-	-	-
Transfers in	9,021,278	-	26,700,000	-
Transfers out	(24,688,978)	-	-	-
Total other financing sources (uses)	(15,667,700)	261,946	26,700,000	5,607,584
Net change in fund balances	2,585,957	223,963	(1,950,577)	1,475,540
Fund balances-beginning	51,604,016	3,701,797	52,217,010	35,923,541
Fund balances-ending	\$ 54,189,973	\$ 3,925,760	\$ 50,266,433	\$ 37,399,081

The notes to the financial statements are an integral part of this statement.

Municipal Facilities	Park Improvements	Economic Development Incentive	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 152,476,517
-	-	-	-	76,347,085
-	-	-	-	2,043,529
-	-	-	-	23,795,403
-	-	-	6,135,205	13,228,933
-	-	7,193,442	1,078,864	16,065,928
-	-	-	-	2,080,324
-	-	-	-	13,864,396
-	-	-	-	9,845,021
-	399,959	-	2,351,429	8,600,986
-	-	-	3,682,594	17,476,570
-	-	-	96,327	96,327
-	-	-	52,553	52,553
89,866	167,329	311,598	334,812	2,708,822
-	-	85,950	10,215	2,088,223
<u>89,866</u>	<u>567,288</u>	<u>7,590,990</u>	<u>13,741,999</u>	<u>340,770,617</u>
-	-	-	-	28,719,550
-	-	-	-	10,137,693
-	-	-	6,573,895	77,750,758
-	-	-	181,120	53,993,731
-	-	-	83,861	10,910,966
-	-	2,875,851	1,653,555	35,279,126
-	-	-	961,689	7,323,817
-	-	-	-	23,043,731
-	-	-	877	877
-	-	-	-	6,328,770
-	-	-	-	1,000,000
9,842,375	17,324,593	-	2,347,466	79,143,347
21,592	197,705	-	10,121	267,002
-	-	-	-	28,540,000
-	-	-	-	12,982,753
<u>9,863,967</u>	<u>17,522,298</u>	<u>2,875,851</u>	<u>11,812,584</u>	<u>375,422,121</u>
<u>(9,774,101)</u>	<u>(16,955,010)</u>	<u>4,715,139</u>	<u>1,929,415</u>	<u>(34,651,504)</u>
2,718,019	24,886,859	-	1,274,071	33,610,000
-	-	-	-	33,585,000
-	-	-	-	(39,339,873)
503,573	4,610,846	-	236,050	12,243,821
-	-	-	650,000	650,000
-	-	-	(650,000)	(650,000)
830,000	-	-	-	830,000
-	-	-	550,020	36,271,298
-	-	-	(8)	(24,688,986)
<u>4,051,592</u>	<u>29,497,705</u>	<u>-</u>	<u>2,060,133</u>	<u>52,511,260</u>
(5,722,509)	12,542,695	4,715,139	3,989,548	17,859,756
15,430,509	29,567,481	41,176,158	42,716,811	272,337,323
<u>\$ 9,708,000</u>	<u>\$ 42,110,176</u>	<u>\$ 45,891,297</u>	<u>\$ 46,706,359</u>	<u>\$ 290,197,079</u>

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ 17,859,756
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	29,792,138
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,092,092
The issuance of long-term debt (e.g., bonds, tax anticipation notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,814,902)
Other long-term liabilities related to pension expense and contributions, are not due and payable in the current period and therefore, are not reported in governmental funds.	(7,318,099)
Other long-term liabilities related to pension expense in internal service funds	(435,401)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	3,280,827
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds. The net expenses of certain activities of internal service funds are reported within governmental activities.	4,998,289
Grant revenues included in the special revenue funds which are used for the benefit of business-type activities. The net expenses of certain activities are reported within the business-type activities.	(105)
Change in net position of governmental activities	<u>\$ 41,454,595</u>

The notes to the financial statements are an integral part of this statement.



CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds					
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	Governmental Activities- Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,191,485	\$ 897,431	\$ 589,960	\$ 1,553,868	\$ 10,232,744	\$ 14,722,726
Investments	23,436,425	3,277,839	2,183,501	5,731,892	34,629,657	54,490,082
Receivables (net of allowance for uncollectibles)						
Accounts	16,136,642	1,113,010	728,350	858,129	18,836,131	13,770
Accrued interest	138,801	19,413	12,932	33,947	205,093	322,714
Other	5,344	2,103,471	-	18,582	2,127,397	-
Due from other funds	12,662	-	2,692	-	15,354	-
Inventories	78,026	-	-	-	78,026	1,094,749
Prepaid expenses and other assets	1,526,303	451,095	2,070	445,165	2,424,633	433,418
Restricted assets:						
Revenue bond debt service-						
Cash and cash equivalents	169,778	-	781,509	-	951,287	-
Investments	628,368	-	1,698,459	-	2,326,827	-
Accrued interest receivable	3,721	-	17,130	-	20,851	-
Revenue bond reserve fund-						
Investments	-	-	1,193,981	-	1,193,981	-
Revenue bond construction fund-						
Cash and cash equivalents	11,328,258	-	504,817	-	11,833,075	-
Investments	41,927,011	-	1,868,378	-	43,795,389	-
Accrued interest receivable	248,310	-	11,065	-	259,375	-
Total current assets	<u>102,831,134</u>	<u>7,862,259</u>	<u>9,594,844</u>	<u>8,641,583</u>	<u>128,929,820</u>	<u>71,077,459</u>
Capital assets:						
Land	3,414,248	-	103,548	2,992,154	6,509,950	62,522
Buildings	2,748,029	342,458	52,921	13,782,224	16,925,632	5,947,894
Improvements other than buildings	598,939,625	-	-	3,533,627	602,473,252	-
Equipment	123,045	479,091	15,048	1,383,042	2,000,226	38,359,513
Furniture and fixtures	129,460	2,448	4,421	286,820	423,149	283,444
Rolling equipment	2,417	-	-	-	2,417	52,967,839
Drainage improvements	-	-	37,775,933	-	37,775,933	-
Construction in progress	13,608,224	-	4,419,585	-	18,027,809	-
Less accumulated depreciation	<u>(266,529,200)</u>	<u>(142,092)</u>	<u>(8,457,855)</u>	<u>(16,474,375)</u>	<u>(291,603,522)</u>	<u>(58,714,850)</u>
Total capital assets (net of accumulated depreciation)	<u>352,435,848</u>	<u>681,905</u>	<u>33,913,601</u>	<u>5,503,492</u>	<u>392,534,846</u>	<u>38,906,362</u>
Total noncurrent assets	<u>352,435,848</u>	<u>681,905</u>	<u>33,913,601</u>	<u>5,503,492</u>	<u>392,534,846</u>	<u>38,906,362</u>
Total assets	<u>\$ 455,266,982</u>	<u>\$ 8,544,164</u>	<u>\$ 43,508,445</u>	<u>\$ 14,145,075</u>	<u>\$ 521,464,666</u>	<u>\$ 109,983,821</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	4,000,640	2,590,856	719,930	1,456,742	8,768,168	4,050,418
Deferred charges on refunding	-	-	372,086	-	372,086	-
	<u>4,000,640</u>	<u>2,590,856</u>	<u>1,092,016</u>	<u>1,456,742</u>	<u>9,140,254</u>	<u>4,050,418</u>

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2016
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 5,744,353	\$ 114,122	\$ 103,819	\$ 76,218	\$ 6,038,512	\$ 2,685,485
Accrued liabilities	285,531	2,333,578	44,608	213,404	2,877,121	254,205
Unearned revenue	180	13,500	-	685,698	699,378	-
Due to other funds	-	-	-	1,430	1,430	10,535
Customer deposits	2,837,574	-	-	193,158	3,030,732	-
Escrow liability	6,320	-	-	-	6,320	-
Liability for compensated absences	197,061	109,556	27,180	44,041	377,838	94,125
Liability for insurance claims	-	-	-	-	-	5,568,803
Total current liabilities	<u>9,071,019</u>	<u>2,570,756</u>	<u>175,607</u>	<u>1,213,949</u>	<u>13,031,331</u>	<u>8,613,153</u>
Current liabilities payable from restricted assets:						
Contracts payable	2,108,583	-	-	-	2,108,583	-
Current portion of long-term debt	934,241	-	1,821,889	-	2,756,130	-
Accrued interest payable	274,917	-	190,546	-	465,463	-
Retainage payable	1,147,236	-	35,300	-	1,182,536	-
Total current liabilities payable from restricted assets	<u>4,464,977</u>	<u>-</u>	<u>2,047,735</u>	<u>-</u>	<u>6,512,712</u>	<u>-</u>
Total current liabilities	<u>13,535,996</u>	<u>2,570,756</u>	<u>2,223,342</u>	<u>1,213,949</u>	<u>19,544,043</u>	<u>8,613,153</u>
Noncurrent liabilities:						
Bonds payable	27,276,451	-	12,458,005	-	39,734,456	-
Net pension liability	6,587,482	4,282,774	1,159,033	2,427,720	14,457,009	6,551,273
Liability for compensated absences	1,550,197	1,159,461	281,678	597,863	3,589,199	553,048
Liability for insurance claims	-	-	-	-	-	328,977
Total noncurrent liabilities	<u>35,414,130</u>	<u>5,442,235</u>	<u>13,898,716</u>	<u>3,025,583</u>	<u>57,780,664</u>	<u>7,433,298</u>
Total liabilities	<u>48,950,126</u>	<u>8,012,991</u>	<u>16,122,058</u>	<u>4,239,532</u>	<u>77,324,707</u>	<u>16,046,451</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	320,903	207,641	58,654	115,055	702,253	328,111
	<u>320,903</u>	<u>207,641</u>	<u>58,654</u>	<u>115,055</u>	<u>702,253</u>	<u>328,111</u>
NET POSITION						
Net investment in capital assets	351,501,607	681,905	44,052,281	5,503,492	401,739,285	38,906,362
Restricted for:						
Debt service	801,867	-	2,497,098	-	3,298,965	-
Unrestricted	57,693,119	2,232,483	(18,129,630)	5,743,738	47,539,710	58,753,315
Total net position	<u>\$ 409,996,593</u>	<u>\$ 2,914,388</u>	<u>\$ 28,419,749</u>	<u>\$ 11,247,230</u>	<u>\$ 452,577,960</u>	<u>\$ 97,659,677</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF PROPRIETARY FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016**

Amounts reported for business-type activities in the statement of net position are different because:

Total net position of proprietary funds	\$ 452,577,960
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Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds.

The net receivable due from activities of the internal service funds which is reported within business-type activities.	13,679,696
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Net position of business-type activities	<u>\$ 466,257,656</u>
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The notes to the financial statements are an integral part of this statement.



CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
Operating revenues:						
Charges for sales and services:						
Service charges	\$ 139,770,025	\$ 13,444,490	\$ 7,307,311	\$ 7,018,199	\$ 167,540,025	\$ 73,400,892
Franchise fees	-	8,499,964	-	-	8,499,964	-
Compost products	-	1,793,498	-	-	1,793,498	-
Subrogation receipts	-	-	-	-	-	1,002,039
Contributions	-	119,707	-	-	119,707	-
Miscellaneous charges	455,968	903,613	-	90,633	1,450,214	9,146
Total operating revenues	140,225,993	24,761,272	7,307,311	7,108,832	179,403,408	74,412,077
Operating expenses:						
Personnel services	11,289,424	6,900,899	2,501,375	4,686,505	25,378,203	10,221,719
Pension expense (net)	424,380	274,339	77,802	152,120	928,641	435,401
Contractual services	8,088,464	7,996,931	600,442	6,290,308	22,976,145	15,579,362
Supplies	2,032,379	437,235	315,614	896,354	3,681,582	7,086,262
Claims expense	-	-	-	-	-	29,563,145
Depreciation	14,498,494	22,587	760,393	313,140	15,594,614	8,598,835
Solid waste disposal	-	8,310,401	-	-	8,310,401	-
Wastewater treatment	27,597,420	-	-	-	27,597,420	-
Charges in lieu of taxes	8,675,731	1,169,290	-	-	9,845,021	-
Water supply	59,057,251	-	-	-	59,057,251	-
Miscellaneous	966,189	202,533	28,516	99,487	1,296,725	65,533
Total operating expenses	132,629,732	25,314,215	4,284,142	12,437,914	174,666,003	71,550,257
Operating income (loss)	7,596,261	(552,943)	3,023,169	(5,329,082)	4,737,405	2,861,820
Nonoperating revenues (expenses):						
Investment income	388,027	24,471	73,395	53,951	539,844	471,476
Gain on property disposition	299,191	-	-	-	299,191	945,709
Interest and fiscal charges	(166,837)	-	(653,345)	-	(820,182)	-
Capital disposal	(650,000)	-	-	-	(650,000)	-
Hotel/Motel tax	-	-	-	8,263,231	8,263,231	-
Intergovernmental revenues	-	-	-	-	-	159,520
Miscellaneous	129,710	27,023	11,512	6,453	174,698	42,185
Total nonoperating revenue (expenses)	91	51,494	(568,438)	8,323,635	7,806,782	1,618,890
Income before contributions and transfers	7,596,352	(501,449)	2,454,731	2,994,553	12,544,187	4,480,710
Contributions from developers	4,451,393	-	-	-	4,451,393	-
Transfers in	-	8	-	-	8	788,958
Transfers out	(9,301,419)	-	(1,008,777)	(1,811,082)	(12,121,278)	(250,000)
Change in net position	2,746,326	(501,441)	1,445,954	1,183,471	4,874,310	5,019,668
Total net position-beginning	407,250,267	3,415,829	26,973,795	10,063,759	447,703,650	92,640,009
Total net position-ending	\$ 409,996,593	\$ 2,914,388	\$ 28,419,749	\$ 11,247,230	\$ 452,577,960	\$ 97,659,677

The notes to the financial statements are an integral part of this statement.

**CITY OF PLANO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net position - total proprietary funds	\$ 4,874,310
Internal service funds are used by management to charge the costs of fleet management, property liability loss, health claims and municipal warehouse to individual funds.	
The net revenues of certain activities of internal service funds are reported within business-type activities.	456,780
The net revenues of grant activities of special revenue funds are reported within business-type activities.	105
Change in net position of business-type activities	<u>\$ 5,331,195</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 143,811,768	\$ 15,356,662	\$ 7,304,431	\$ 6,794,124	\$ 173,266,985	\$ 73,566,117
Cash received from subrogation	-	-	-	-	-	1,002,039
Franchise fees	-	8,499,964	-	-	8,499,964	-
Charges in lieu of taxes	(8,675,731)	(1,169,290)	-	-	(9,845,021)	-
Cash payments to suppliers for goods and services	(98,608,559)	(17,066,292)	(1,543,616)	(7,742,469)	(124,960,936)	(50,964,035)
Cash paid to or on behalf of employees for services	(11,243,229)	(6,367,722)	(2,458,553)	(4,570,869)	(24,640,373)	(10,557,393)
Net cash provided (used) by operating activities	25,284,249	(746,678)	3,302,262	(5,519,214)	22,320,619	13,046,728
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Repayments to other funds	-	1,893	-	-	1,893	-
Hotel/Motel tax	-	-	-	8,263,231	8,263,231	-
Transfers to other funds	(9,301,419)	-	(1,008,777)	(1,704,839)	(12,015,035)	(250,000)
Transfers from other funds	-	8	-	-	8	788,958
Intergovernmental receipts	-	-	-	-	-	159,520
Net cash provided (used) by noncapital financing activities	(9,301,419)	1,901	(1,008,777)	6,558,392	(3,749,903)	698,478
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(13,546,116)	(236,323)	(1,064,447)	(1,496,255)	(16,343,141)	(11,543,069)
Bond proceeds	27,975,000	-	-	-	27,975,000	-
Bond issuance costs paid	-	-	(3,750)	-	(3,750)	-
Proceeds from sale of equipment	-	-	-	-	-	998,723
Principal paid on long-term debt	-	-	(2,045,000)	-	(2,045,000)	-
Interest and fees paid on long-term debt	-	-	(505,382)	-	(505,382)	-
Proceeds from insurance damages	129,710	27,023	11,512	6,453	174,698	42,185
Net cash provided (used) by capital and related financing activities	14,558,594	(209,300)	(3,607,067)	(1,489,802)	9,252,425	(10,502,161)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(65,991,804)	(3,277,839)	(6,944,319)	(5,731,892)	(81,945,854)	(54,490,082)
Proceeds from sale and maturities of investment securities	41,688,991	4,008,927	7,900,354	6,035,161	59,633,433	51,498,576
Interest on investments	262,651	30,585	86,954	58,433	438,623	476,682
Net cash provided (used) by investing activities	(24,040,162)	761,673	1,042,989	361,702	(21,873,798)	(2,514,824)
Net increase (decrease) in cash and cash equivalents	6,501,262	(192,404)	(270,593)	(88,922)	5,949,343	728,221
Cash and cash equivalents, beginning of year	12,188,259	1,089,835	2,146,879	1,642,790	17,067,763	13,994,505
Cash and cash equivalents, end of year	<u>\$ 18,689,521</u>	<u>\$ 897,431</u>	<u>\$ 1,876,286</u>	<u>\$ 1,553,868</u>	<u>\$ 23,017,106</u>	<u>\$ 14,722,726</u>
Classified as:						
Current assets	\$ 7,191,485	\$ 897,431	\$ 589,960	\$ 1,553,868	\$ 10,232,744	\$ 14,722,726
Restricted assets	11,498,036	-	1,286,326	-	12,784,362	-
Total	<u>\$ 18,689,521</u>	<u>\$ 897,431</u>	<u>\$ 1,876,286</u>	<u>\$ 1,553,868</u>	<u>\$ 23,017,106</u>	<u>\$ 14,722,726</u>
Noncash disclosures:						
Developers' contributions	\$ 4,451,393	\$ -	\$ -	\$ -	\$ 4,451,393	\$ -
Premium amortization	4,241	-	46,889	-	51,130	-
Amortization of deferred charge on refunding	-	-	(121,883)	-	(121,883)	-
Loss on property disposition	299,191	-	-	-	299,191	(53,675)
Decrease in fair value of investments	(47,605)	(6,308)	(12,158)	(9,047)	(75,118)	(74,053)
Transfer in (out) of capital assets	-	(202,632)	73,274	-	(129,358)	-

The notes to the financial statements are an integral part of this statement.

(continued)

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(continued)

	Business-type Activities Enterprise Funds					Governmental Activities- Internal Service Funds
	Water and Sewer	Environmental Waste Services	Municipal Drainage	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 7,596,261	\$ (552,943)	\$ 3,023,169	\$ (5,329,082)	\$ 4,737,405	\$ 2,861,820
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	14,498,494	22,587	760,393	313,140	15,594,614	8,598,835
Change in assets and liabilities:						
(Increase) decrease in-						
Accounts receivable	3,218,409	21,364	(188)	(100,024)	3,139,561	145,394
Other accounts receivable	(2,816)	(930,510)	-	41,256	(892,070)	150
Due from other funds	(12,662)	-	(2,692)	-	(15,354)	-
Prepaid expenses and other assets	(1,370,102)	167,715	(1,470)	(389,742)	(1,593,599)	(98,329)
Inventories	(45,019)	-	-	-	(45,019)	(191,613)
Pensions	424,380	274,339	77,802	152,120	928,641	435,401
Increase (decrease) in-						
Accounts payable	541,945	(286,907)	(597,574)	(109,264)	(451,800)	1,409,484
Accrued liabilities	51,882	510,253	13,073	79,667	654,875	41,368
Due to other funds	-	-	-	1,430	1,430	10,535
Liability for compensated absences	(5,687)	22,924	29,749	35,969	82,955	(377,042)
Customer deposits	382,854	-	-	(110,436)	272,418	-
Escrow liability	6,320	-	-	-	6,320	-
Unearned revenue	(10)	4,500	-	(104,248)	(99,758)	-
Liability for insurance claims	-	-	-	-	-	210,725
Total adjustments	17,687,988	(193,735)	279,093	(190,132)	17,583,214	10,184,908
Net cash provided (used) by operating activities	\$ 25,284,249	\$ (746,678)	\$ 3,302,262	\$ (5,519,214)	\$ 22,320,619	\$ 13,046,728

The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY AND AGENCY FUNDS
AS OF SEPTEMBER 30, 2016
(EXCEPT PENSION TRUST FUND, WHICH IS AS OF DECEMBER 31, 2015)

	Pension Trust Fund	Postemployment Benefits Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,468,138	\$ 1,013,989	\$ 599,687
Investment pool	-	-	2,219,502
Other U.S. government obligations	28,577,505	501,915	-
Corporate bonds	16,293,041	5,964,391	-
Asset-backed securities	-	4,208,121	-
Common stocks	66,326,163	24,334,420	-
Foreign equities	6,396,663	-	-
Mutual funds	-	32,947,221	-
Master limited partnerships	1,566,199	-	-
Accrued interest	347,786	91,399	13,145
Total assets	120,975,495	69,061,456	2,832,334
LIABILITIES			
Accounts payable	53,802	-	-
Accrued liabilities	-	256,004	-
Payable from pending trades	-	362,179	-
Developers' escrow liability	-	-	2,713,657
Unclaimed property payable	-	-	118,677
Total liabilities	53,802	618,183	2,832,334
NET POSITION			
Held in trust for pension benefits	120,921,693	-	-
Held in trust for other postemployment benefits	-	68,443,273	-
Total net position	\$ 120,921,693	\$ 68,443,273	

The notes to the financial statements are an integral part of this statement.

CITY OF PLANO, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(EXCEPT PENSION TRUST FUND, WHICH IS YEAR ENDED DECEMBER 31, 2015)

	<u>Pension Trust Fund</u>	<u>Postemployment Benefits Trust Fund</u>
ADDITIONS		
Contributions		
From employers	\$ 3,959,196	\$ 5,530,675
From retirees	-	1,102,654
Total contributions	<u>\$ 3,959,196</u>	<u>\$ 6,633,329</u>
Investment return:		
Net increase (decrease) in fair value of investments	(707,541)	4,485,277
Interest	978,731	448,014
Dividends	1,736,161	940,080
Miscellaneous	69,347	-
Total investment return	<u>2,076,698</u>	<u>5,873,371</u>
Total additions, net	<u>6,035,894</u>	<u>12,506,700</u>
DEDUCTIONS		
Benefits	3,822,305	3,503,250
Administrative expenses	320,784	550,758
Miscellaneous expenses	6,744	17,003
Total deductions	<u>4,149,833</u>	<u>4,071,011</u>
Net increase	1,886,061	8,435,689
Net position held in trusts - beginning of year	<u>119,035,632</u>	<u>60,007,584</u>
Net position held in trusts - end of year	<u>\$ 120,921,693</u>	<u>\$ 68,443,273</u>



CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Plano, Texas (City) was originally incorporated in 1873 and chartered on June 10, 1961, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide*. The significant accounting policies of the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary fund types and the pension trust and postemployment benefits trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Management's Discussion and Analysis provides an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended General Fund and Debt Service Fund budgets with actual results. The City does not have any Special Revenue funds with legally adopted budgets.

B. Reporting Entity

The City is governed by an elected mayor and seven-member council. As required by GAAP, these financial statements present the City (the primary government) and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The criteria for including organizations as component units within the City's

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name);
- the City appoints a voting majority of the organization's board;
- the City is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the City; or
- there is fiscal dependency by the organization on the City.

Discretely Presented Component Unit.

The City has established a Tax Increment Financing district (TIF) for project improvements within the City. The TIF provides financing for public improvements associated with the future development of East Plano. The project was approved by the City Council in fiscal year 1999. The TIF is legally separate from the City, and the City appoints a majority of its governing board for the TIF; however, the entity is fiscally dependent on the City. In fiscal year 2014, the City passed an ordinance to extend the termination date for an additional 15 years. The additional 15 year term will include participation with the City, as well as Collin County. All taxing entities, including the Plano Independent School District, Collin College and Collin County continued to participate through the initial term which expired December 31, 2014. Financial reports may be obtained by request to the City's Accounting Department, 1520 Avenue K, Suite 370, Plano, Texas 75074.

Blended Component Units.

The City has established a Public Improvement District (PID) for project improvements and services for the Downtown Plano area, which benefits the primary government. The PID was approved in October 2014. The PID is utilized to provide additional improvements and services in Downtown Plano where funding is derived from a special assessment paid by downtown property owners and based on a property's taxable value. Chapter 372 of the Texas Local Government Code allows City Council to establish an advisory board for the PID, which has the responsibility of developing the improvement plan for the PID. The advisory board must consist of the property owners. Additionally, an executive committee is comprised of three property owners representing the greatest appraised property values, plus five other members to be elected by the entire advisory board. The executive committee shall prepare a service plan and assessment plan for consideration of the advisory board, whose recommendation shall be presented to the City Council for review and approval.

In fiscal year 2016, the Plano Improvement Corporation (PIC) was established to serve as a non-profit corporation to facilitate real estate transactions and serve as an independent foundation for acceptance of donations. The City desired to create the PIC for the purpose of transfer of land and improvements that the City wants developed pursuant to Texas Local Government Code §272.001(b)(4). Occasionally, individuals, as well as charitable corporations and foundations desire to donate real and/or personal property to the City to further the charitable purposes of the person or entity and to benefit the citizens of Plano. The City provides all financial support to the PIC and because the services provided by the PIC exclusively benefit the City, it is blended into the City's financial statements in the Other Governmental Funds category.

Related Organization.

The City's mayor appoints the board of the Plano Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments. Thus, it is not included in the primary government or as a discretely presented component unit.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The financial statements are formatted to allow the user to clearly distinguish between primary government and its discretely presented component unit.

C. Upcoming and Newly Implemented Accounting Pronouncements

During fiscal year 2016, the City adopted the following GASB Statements:

GASB Statement No. 72, "*Fair Value Measurement and Application*," addresses accounting and financial reporting issues related to fair value measurement – the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement requires local governments to use valuation techniques which are appropriate under the circumstances and are either a market approach, cost approach or income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs. The adoption of Statement No. 72 is implemented in fiscal year 2016.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees are provided with pensions that are not within the scope of Statement No. 68, as amended. The implementation of this statement has no effect on the financial statements.

GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*" reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". It also amends Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*," paragraph 64, 74, and 82. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 76.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*," establishes criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost for financial reporting purposes. The City implemented this statement in the current fiscal year disclosing there are no restrictions or limitations on withdrawals in qualifying external investment pools.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," establishes financial reporting standards for state and local governmental other post employment benefit plans (OPEB). The statement replaces Statement No. 43, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," as amended, and Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*". The City is currently evaluating changes to the financial statements as a result of the implementation of this statement. Statement No. 74 is effective for financial statements for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*," addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employees. This statement establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources and pension expense.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The City is currently evaluating changes to the financial statements as a result of the implementation of this statement. Statement No. 75 is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, "*Tax Abatement Disclosures*," addresses financial reporting for tax abatement agreements entered into by state and local governments. This Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement. Statement No. 77 is effective for fiscal years beginning after December 15, 2015.

In fiscal year 2015, the City implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The objective of this statement improves accounting and financial reporting by state and local government pensions and the decision-usefulness of information in contributing entity financial reports and to enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement impacted the City's Texas Municipal Retirement System Plan (TMRS) and Retirement Security Plan (RSP).

D. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements; the focus is either the City as a whole or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this general rule is interfund services provided by the internal service funds. Elimination of these charges would distort the direct costs reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (e.g., police, fire, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees and interest income).

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund, capital reserve fund, street improvements fund, municipal facilities fund, park improvements fund and economic development incentive fund. The major enterprise funds are the water and sewer fund, environmental waste services fund and municipal drainage fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the cost of these services is reflected in the appropriate functional activity (e.g., police, fire, public works, etc.). The City's internal service funds consist of equipment maintenance and replacement, municipal warehouse, technology services, risk management and health claims funds.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third-party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City's fiduciary funds consist of funds that account for the pension trust, postemployment benefits trust, developers' escrow and unclaimed property.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal year. The focus of the fund financial statements is on the major individual funds of the governmental and proprietary categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

E. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GASB Interpretation No. 6.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Paving assessments in the Street Improvements Fund are recorded as revenues when cash is received. The assessments are due in annual installments, including interest, over a four to eight year period. The assessments are measurable when assessed but are generally not available for use when assessed. Unallocated assessments are recorded as unearned revenue.

Business-type activities and all proprietary funds, and the pension trust and postemployment benefits trust funds, are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, environmental waste services, municipal drainage, convention and tourism, municipal golf course, downtown center development and recreation revolving funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major funds are used by the City:

1. Governmental Funds:

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- a. The General Fund accounts for several of the City's primary services (e.g., police, fire, public works, libraries, parks and recreation, etc.) and is the primary operating unit of the City.
- b. The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. The Capital Reserve Fund accounts for the financing of betterments and renewals to the City's infrastructure and for public improvements not requiring general obligation bond financing.
- d. The Street Improvements Fund accounts for the financing and acquisition of right of way and construction of streets, storm sewers and alleys. Funds are provided primarily through bond sales, paving assessments and interest earnings.
- e. The Municipal Facilities Fund accounts for the financing and construction of various City facilities. Funds are provided primarily through bond sales and interest earnings.
- f. The Park Improvements Fund accounts for the financing and construction of park project. Funds are primarily through bond sales and interest earnings.
- g. The Economic Development Incentive Fund accounts for \$0.02 of ad valorem revenue designated by the City Council for stimulating economic development for the City through usage of 380 agreements and tax incentives.
- h. Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

2. Enterprise Funds:

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major Enterprise Funds of the City:

- a. The Water and Sewer Fund accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure financial integrity of the fund.
- b. The Environmental Waste Services Fund accounts for the provision of environmental services to customers who are billed monthly at a rate sufficient to cover the cost of providing such services.
- c. The Municipal Drainage Fund accounts for the City's storm water management program.
- d. Other Enterprise Funds are a summarization of all of the nonmajor enterprise funds.

3. Other Fund Types:

The City additionally reports for the following fund types:

- a. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, generally on a cost-reimbursement basis.
- b. Agency funds are used to account for assets held by the City in an agency capacity for individuals (Unclaimed property) or developers (Developers' escrow). Agency funds record only assets and liabilities and therefore have no measurement focus.
- c. Trust funds are used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City and for postemployment health benefits.

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, escrow cash with a fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents for government-wide funds are combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on quoted market prices, except for certificates of deposit and government agencies, which are recorded at amortized cost. Amortized cost approximates fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund advances or interfund receivable/payable. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

H. Inventories, Prepaid Items and Other Assets

Inventories of supplies are maintained at the City warehouse for use by all the City funds and are accounted for by the consumption method. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added; thus, the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (i.e., first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to receive services occurring in the subsequent fiscal year, utilizing the consumption method. Inventories and prepaid items are reflected as nonspendable fund balance in the governmental funds.

The other assets category consists of other postemployment benefits.

I. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Long-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and fund balance is nonspendable for these amounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or nonroutine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds – are accounted for as transfers.

J. Capital Assets

Property, plant and equipment purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2016, \$343,771 and \$15,519 and of such interest costs were capitalized in the Water and Sewer and Municipal Drainage Funds, respectively.

Property, plant and equipment of the primary government and business-type activities are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 – 40
Improvements other than buildings	20 – 50
Equipment	2 – 10
Furniture and fixtures	5 – 10
Drainage improvements	50
Meters	10
Storm/sanitary sewer	50
System infrastructure	30 – 50

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

K. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Employees are required to utilize a minimum of 40 hours of vacation per year. Upon termination and completion of five years of service, an employee is reimbursed for accumulated vacation. Vacation leave in excess of 480 hours will not be reimbursed upon termination. Police and firefighters are reimbursed upon termination up to a maximum of 90 days accumulated sick leave as required by state civil service law. All other full-time City employees with five or more years of service are reimbursed up to 90 days accumulated sick leave upon termination. Sick leave in excess of 90 days is not paid upon termination, but will be paid only upon illness while in the employment of the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary financial statements.

L. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal agencies including the Departments of Energy and Transportation, Housing and Urban Development, Justice, Treasury and Homeland Security, Office of National Drug Control Policy and Institute of Museum and Library Services which are accounted for within the Grant Fund (Special Revenue) and Street Improvements Fund (Capital Projects). Various state grants are also included in the Grant Fund and Street Improvements Funds. Grant revenues received for purposes normally financed through the general government are accounted for within the General Fund and those for specific purposes in the special revenue funds.

Deferred Inflows/Outflows of Resources

Deferred outflows of resources are used to report consumptions of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net position by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify in this category. First, the deferred charge on refunding reported in the government-wide Statement of Net Position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt. Second, the City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end. The last deferred outflow is the difference between projected and actual investment earnings that are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify in this category, which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, a deferred inflow is recorded in the government-wide Statement of Net Position and fund level financials for the proprietary Statements of Net Position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

M. Long-Term Debt

General obligation bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Revenue bonds issued for proprietary fund assets that are to be repaid by the proprietary fund are recorded in the proprietary funds.

Revenue bonds have been issued to fund capital projects of proprietary funds. Such bonds are to be repaid from the net revenues of the applicable proprietary fund. To date, revenue bonds have been issued for municipal drainage and waterworks and sewer system improvements. Tax anticipation notes have been issued to fund permanent public improvements related to public safety communications and network infrastructure. Such notes are to be repaid from tax revenues of the City and are recorded in the government-wide statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method in the government-wide financial statements. Issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of the debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Retirement Plans

The City has two separate retirement plans, TMRS and RSP, covering substantially all employees. In addition, the City has a deferred compensation plan and a postemployment benefit plan. It is the City's policy to record the cost for such plans on the accrual basis (See Note 5).

O. Net Position

In the government-wide and proprietary funds financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the City's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(371,156,901) difference are as follows:

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Bonds and tax anticipation notes payable	\$ (302,590,000)
Add: Premium	(29,776,608)
Accrued interest payable	(1,106,514)
Compensated absences	(37,683,779)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (371,156,901)</u></u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$29,792,138 difference are as follows:

Capital outlay	\$ 79,143,347
Depreciation expense	(48,252,630)
Other capital-related transactions	<u>(1,098,579)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 29,792,138</u></u>

Another element of the reconciliation states, “The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(10,814,902) difference are as follows:

Bonds issued:	
New money	\$ (33,610,000)
Refunded bonds	(33,585,000)
Premium	(12,243,821)
Difference in refunded principal/interest and escrow deposit	744,046
Payment to escrow agent	39,339,873
Principal payments	<u>28,540,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (10,814,902)</u></u>

The reconciliation also states, “Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures in governmental funds.” The details of this \$3,280,827 difference are as follows:

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Changes in:	
Compensated absences	\$ 1,406,840
Accrued interest	(43,667)
Amortization of deferred charge on refunding	(2,876,597)
Amortization of bond premium	4,849,485
Change in net OPEB asset	<u>(55,234)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,280,827</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Compliance - Budgets

The City Charter contains the following requirements, which are adhered to by the City Council, regarding preparation of the annual budget:

- The City Manager, between 60 and 90 days prior to October 1 of each fiscal year, shall submit to the Council a proposed budget. Such budget shall provide a complete financial plan for the fiscal year.
- At the meeting of the City Council at which the budget is submitted, the City Council shall fix the time and place of a public hearing on the budget and shall cause to be published in the official newspaper of the City, a notice of the hearing setting forth the time and place thereof at least five days before the date of such hearing.
- The budget shall be finally adopted no later than 15 days prior to the beginning of the fiscal year and should the City Council fail to so adopt a budget, the then existing budget together with its tax-levying ordinance and its appropriation ordinance, shall be deemed adopted for the ensuing fiscal year.

The City Council approves annual appropriations for operations and interfund transfers for all operating and debt service funds. Only the General Fund and Debt Service Fund have legally adopted annual budgets. The City Manager has the authority to transfer unexpended balances between departmental budgets within appropriated funds. The City Council, however, must approve any increase in fund appropriations. The legal level of budgetary control is the fund level. During the year, there were no appropriation increases for the General Fund. Funds with operating appropriations and interfund transfers set by ordinance include the General Fund and Debt Service Fund. During the year, appropriations are adjusted as a result of re-estimates by the departments. For budgetary purposes, unencumbered appropriations lapse at fiscal year-end.

Budgets and Budgetary Basis of Accounting

The Budgetary Comparison Statement, included in the basic financial statements, presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

The portion of ad valorem tax revenues in the General Fund from "rolled back" tax payments (those taxes, up to five years back, on properties previously taxed at special use exemption values and currently changed to full values) are excluded from the budgetary basis tax revenues and from the general governmental expenditures.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The General Fund encumbrances are added to the actual expenditures for budgetary comparison.

Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the general fund and includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The details of fund balance classifications for other governmental funds are as follows:

Restricted for:

Other Capital Projects:

Public Infrastructure	\$ 3,635,890
DART	286,747
	<u>\$ 3,922,637</u>

Special Revenue funds:

Criminal investigation fund	\$ 5,139,334
Grant fund	492,241
PTV fund	1,522,257
Public safety communications fund	15,704,043
Municipal court fund	13,463,794
Memorial library fund	369,499
Libraries fund	36,797
Animal shelter donations fund	194,622
	<u>\$ 36,922,587</u>

Blended Component Unit:

PID	\$ 60,274
	<u>\$ 60,274</u>

Assigned to:

Other Capital Projects:

Park services fund	\$ 5,656,870
	<u>\$ 5,656,870</u>

Nonspendable:

Special Revenue funds:

Grant fund	\$ 1,022
PTV fund	127,431
Public safety communications fund	78
Municipal court fund	10,395
	<u>\$ 138,926</u>

Blended Component Unit:

PID	\$ 5,065
	<u>\$ 5,065</u>

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance. Such assignments cannot exceed the available (spendable, unrestricted, and uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate general fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a general fund minimum unassigned fund balance of 30 days working capital.

IV. DETAILED NOTES ON ALL FUNDS

1. DEPOSITS AND INVESTMENTS:

Deposits

Pursuant to provisions of both the Texas Public Funds Investment Act (PFIA) and the Public Funds Investment Policy of the City, all deposits of the City that exceed the federal depository insurance coverage level are collateralized with an irrevocable letter of credit at 100% or by securities held by a third party custodian and pledged to the City in an amount not less than 102% (on a market value basis) of the City's deposit of public funds and any accrued interest.

At September 30, 2016, the carrying amount of the City's demand deposits was \$73,266,716, which includes component unit deposits of \$1,806,989. The bank balance was \$76,285,600. At September 30, 2016, the City's cash on hand totaled \$891,270. At September 30, 2016, the carrying value and the bank balance of the City's non-negotiable certificates of deposit (CD's) was \$40,348,463. At September 30, 2016 the carrying value of cash held in trust by a bank trust department for the City's Postemployment Benefit Trust Fund was \$1,013,989. At December 31, 2015 the carrying value of cash held in trust by a bank trust department for the City's Retirement Security Plan was \$1,468,138.

Investments – Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using Level 3 inputs).

The City has the following recurring fair value measurements as of September 30, 2016:

- U.S. Agencies of \$108.3 million are valued using matrix pricing (Level 2 inputs)
- Municipal Bonds of \$222.9 million are valued using quoted market prices in markets that are not active (Level 2 inputs)

The Retirement Security Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The plan has the following recurring fair value measurements as of December 31, 2015:

- U.S. Government Obligations of \$28.6 million are valued using matrix pricing (Level 2 inputs)
- Corporate Bonds of \$16.3 million are valued using matrix pricing (Level 2 inputs)
- Equities of \$74.3 million are valued using quoted market prices (Level 1 inputs)

The Postemployment Benefit Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The plan has the following recurring fair value measurements as of September 30, 2016:

- U.S. Agencies of \$0.5 million are valued using matrix pricing (Level 2 inputs)

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

- Corporate Bonds of \$6.0 million are valued using matrix pricing (Level 2 inputs)
- Asset-backed securities of \$4.2 million are valued using quoted market prices (Level 1 inputs)
- Equities of \$57.3 million are valued using quoted market prices (Level 1 inputs)

At September 30, 2016 (except Retirement Security Plan which is as of December 31, 2015), the City's investment balances were as follows:

Investments by Fair Value Level	Fair Value Measurements Using				Weighted Avg Maturity (Years)*
	9/30/2016	Quoted Prices in Active Markets for Identical Assets Primary Government (Level 1)	Significant Other Observable Inputs Primary Government (Level 2)	Significant Other Observable Inputs Component Unit (Level 2)	
U.S. Agencies	\$ 116,786,915	\$ -	\$ 108,321,979	\$ 8,464,936	0.5405
Municipal Bonds	222,932,970	-	222,932,970	-	0.9988
Total investments and cash equivalents by fair value level	\$ 339,719,885	\$ -	\$ 331,254,949	\$ 8,464,936	1.5393
Investment Trust Funds					
Retirement Security Plan:					
U.S. Government obligations	\$ 28,577,505	\$ -	\$ 28,577,505	\$ -	4.0900
Corporate bonds	16,293,041	-	16,293,041	-	4.2400
Equities:					
Common stocks	66,326,163	66,326,163	-	-	NA
Foreign equities	6,396,663	6,396,663	-	-	NA
Master limited partnerships	1,566,199	1,566,199	-	-	NA
Postemployment Benefit:					
Government agency obligations	501,915	-	501,915	-	2.7500
Corporate bonds	5,964,391	-	5,964,391	-	1.7040
Asset-backed securities	4,208,121	4,208,121	-	-	8.5060
Equities:					
Common stocks	24,334,420	24,334,420	-	-	NA
Mutual funds	32,947,221	32,947,221	-	-	NA
Total Investment Trust Funds	\$ 187,115,639	\$ 135,778,787	\$ 51,336,852	\$ -	
TOTAL INVESTMENTS	\$ 526,835,524	\$ 135,778,787	\$ 382,591,801	\$ 8,464,936	

*Fair-value basis

Equity securities are valued using prices in active markets and matrix pricing is used to value based on benchmarks

GASB Statement No. 79, establishes criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost. The City does not have any limitations or restrictions on withdrawals.

Investments in both the Retirement Security Plan and the Postemployment Benefit Trust Fund are held by a bank trust department, apart from the overall City's cash and investments. The City has contracted with a bank trust department to manage the investment portfolio of the Retirement Security Plan and Postemployment Benefit Trust Fund. The investments are subject to the policies and guidelines established by the Retirement Security Plan and Postemployment Benefit Trust Fund committee members.

The City is authorized to invest in: (1) obligations of, or guaranteed by governmental entities; (2) certificates of deposit, issued by a depository institution that has its main office or branch in Texas; (3) fully collateralized repurchase agreements having a defined termination date; (4) commercial paper having a stated maturity of 270 days or fewer and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; (5) no-load money market mutual funds registered and regulated by the SEC having a dollar-weighted average stated maturity of 90 days or fewer; no-load mutual funds registered with the SEC, having an average weighted maturity of less than two years and continuously rated of not less than AAA or its equivalent; and (6) eligible investment pools that invest in instruments and follow practices allowed by current law as defined by PFIA, provided that each investment meets guidelines set forth by the City's investment policy.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy establishes the portfolio's maximum average dollar-weighted maturity of no more than two and a half years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's investment policy, in conjunction with state law, specifies the type of credit rating of all authorized investments. The City's investments in U.S. Agency securities, including, Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and First Federal Community Bank (FFCB), are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The investment in the Texas Local Government Pools (TexPool and Texas Daily) carried a credit rating of AAAM by Standard & Poor's as of September 30, 2013.

Concentration of Credit Risk. With the exception of U.S. Treasury securities, the City's investment policy limits the amount that may be invested in any one issuer to 50% of the total investment portfolio. As of September 30, 2015, five percent (5%) or more of the City's total investments are in: Municipal Bonds (41.17%), Federal Home Loan Mortgage Corporation securities (14.99%), Certificates of Deposits (8.94%), Investment Pools (9.26%) and Bank Accounts (13.60%), on a fair value basis.

2. PROPERTY TAXES:

The City's ad valorem or property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The property taxes attach as an enforceable lien on property as of January 1. Appraised values are established by the Central Appraisal Districts of Collin and Denton Counties at 100% of estimated market value and certified by the Appraisal Review Boards. The assessed value for the tax roll of January 1, 2015 upon which the original 2016 levy was based, was \$30,920,030,059. Subsequent adjustments decreased this value to \$30,911,500,205.

Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1, and increases each month to 18% on July 1.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, generally thirty days after year-end. Current tax collections for the year ended September 30, 2016, were 99.8% of the tax levy.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate to finance general governmental services, including debt service, for the year ended September 30, 2016, was \$0.4886 (\$0.3576 for general government and \$0.1310 for debt service) per \$100 of assessed valuation. Thus, the City has a tax margin of approximately \$2.0114 per \$100 and could have levied up to approximately \$621,753,915 in additional taxes from the present assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City, at its own expense, requires annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

3. RECEIVABLES:

Receivables at September 30, 2016 for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Capital Reserve	Street Improvements	Municipal Facilities	Park Improvements	Economic Development Incentive	Water and Sewer	Environmental Waste Services	Municipal Drainage	Nonmajor and Other Funds	Total
Property Taxes	\$ 1,809,843	769,036	-	-	-	-	-	-	-	-	-	\$ 2,578,879
Sales Taxes	13,310,753	-	-	-	-	-	-	-	-	-	-	13,310,753
Mixed Drink Taxes	486,017	-	-	-	-	-	-	-	-	-	-	486,017
Accounts	1,669,161	-	-	-	-	-	-	16,380,393	1,157,315	739,964	1,355,812	21,302,645
Accrued Interest	265,668	18,195	251,189	152,883	45,739	203,330	212,306	390,832	19,413	41,127	739,183	2,339,865
Assessments	-	-	-	1,366,121	-	-	-	-	-	-	-	1,366,121
Other	-	-	-	-	-	-	-	5,344	2,103,471	-	207,938	2,316,753
Gross Receivables	17,541,442	787,231	251,189	1,519,004	45,739	203,330	212,306	16,776,569	3,280,199	781,091	2,302,933	43,701,033
Less: Allowance for Uncollectibles	(1,153,469)	(502,079)	-	-	-	-	-	(243,751)	(44,305)	(11,614)	-	(1,955,218)
Net total Receivables	\$ 16,387,973	285,152	251,189	1,519,004	45,739	203,330	212,306	16,532,818	3,235,894	769,477	2,302,933	\$ 41,745,815

The enterprise fund accounts receivable includes unbilled charges for services of \$7,110,962 rendered at September 30, 2016.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

4. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2016 was as follows:

Primary Government

	Balance at Beginning of Year	Additions and Transfers	Retirements and Transfers	Balance at End of Year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 138,798,282	\$ 1,808,073	\$ (850,000)	\$ 139,756,355
Construction in progress	49,986,448	76,997,021	(86,235,126)	40,748,343
Public art	1,698,740	-	-	1,698,740
Total capital assets, not being depreciated	190,483,470	78,805,094	(87,085,126)	182,203,438
Capital assets, being depreciated:				
Buildings	207,620,430	19,326,557	-	226,946,987
Improvements other than buildings	195,358,165	9,707,975	-	205,066,140
Equipment	216,159,722	17,613,093	(8,175,013)	225,597,802
Infrastructure	1,102,741,459	58,146,541	-	1,160,888,000
Total capital assets being depreciated	1,721,879,776	104,794,166	(8,175,013)	1,818,498,929
Less accumulated depreciation for:				
Buildings	(116,378,234)	(8,670,886)	-	(125,049,120)
Improvements other than buildings	(89,561,983)	(6,059,004)	-	(95,620,987)
Equipment	(165,199,618)	(17,352,507)	7,869,143	(174,682,982)
Infrastructure	(549,886,348)	(24,769,068)	-	(574,655,416)
Total accumulated depreciation	(921,026,183)	(56,851,465)	7,869,143	(970,008,505)
Total capital assets, being depreciated, net	800,853,593	47,942,701	(305,870)	848,490,424
Governmental activities capital assets, net	\$ 991,337,063	\$ 126,747,795	\$ (87,390,996)	\$ 1,030,693,862

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 11,727,270
Administrative services	28,423
Police	821,520
Fire	390,741
Libraries	1,234,330
Development	191,932
Public services and operations	88,498
Parks and recreation	8,614,482
Public works	25,155,434
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	8,598,835
Total depreciation expense - governmental activities	\$ 56,851,465

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

	Balance at Beginning of Year	Additions and Transfers	Retirements and Transfers	Balance at End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,478,241	\$ 43,709	\$ (12,000)	\$ 6,509,950
Construction in progress	23,530,412	16,466,151	(21,968,754)	18,027,809
Total capital assets, not being depreciated	30,008,653	16,509,860	(21,980,754)	24,537,759
Capital assets, being depreciated:				
Buildings	16,765,994	159,638	-	16,925,632
Improvements other than buildings	576,026,568	27,801,918	(1,355,234)	602,473,252
Drainage improvements	37,705,157	70,776	-	37,775,933
Furniture and fixtures	426,344	56,556	(59,751)	423,149
Equipment	1,928,815	262,017	(188,189)	2,002,643
Total capital assets, being depreciated	632,852,878	28,350,905	(1,603,174)	659,600,609
Less accumulated depreciation for:				
Buildings	(14,912,165)	(277,265)	-	(15,189,430)
Improvements other than buildings	(252,806,158)	(14,512,593)	1,016,426	(266,302,325)
Drainage improvements	(7,666,789)	(758,734)	-	(8,425,523)
Furniture and fixtures	(246,085)	(2,921)	3,195	(245,811)
Equipment	(1,415,237)	(43,101)	17,905	(1,440,433)
Total accumulated depreciation	(277,046,434)	(15,594,614)	1,037,526	(291,603,522)
Total capital assets, being depreciated, net	355,806,444	12,756,291	(565,648)	367,997,087
Business-type activities capital assets, net	\$ 385,815,097	\$ 29,266,151	\$ (22,546,402)	\$ 392,534,846

Business-type activities:	
Water and sewer	\$ 14,498,494
Environmental waste services	22,587
Convention and tourism	121,106
Municipal drainage	760,393
Municipal golf course	185,889
Recreation Revolving	6,145
Total depreciation expense - business-type activities	<u>\$ 15,594,614</u>

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Component Unit

	Balance at Beginning of Year	Additions and Transfers	Retirements and Transfers	Balance at End of Year
TIF East side activities:				
Capital Assets, not being depreciated:				
Land	\$ 2,921,432	\$ 830,000	\$(2,172,264)	\$ 1,579,168
Total capital assets, not being depreciated	2,921,432	830,000	(2,172,264)	1,579,168
TIF East side activities capital assets, net	\$ 2,921,432	\$ 830,000	\$(2,172,264)	\$ 1,579,168

Future expenditures for capital projects will be funded from federal and state grants as well as unexpended bond proceeds and additional general obligation or revenue bonds and operating revenues. In May 2009, \$128,622,500 of various purpose general obligation bonds were authorized and \$125,419,500 of the 2009 bonds have been issued. In May 2013, \$98,313,000 of various purpose general obligation bonds were authorized and \$19,280,500 have been issued.

5. EMPLOYEE BENEFIT PLANS:

During fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. The benefit plans impacted by GASB Statement No. 68 pertain to TMRS and RSP.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and RSP and additions to/deductions from TMRS and RSP's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Texas Municipal Retirement System Plan

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) where further information can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Deposit rate	7%
Matching Ratio (City to Employee)	2 – 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years of service and age 60 or 20 years of service and any age.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,011
Inactive employees entitled to but not yet receiving benefits	844
Active employees	<u>2,243</u>
	4,098

Contributions and Funding Policy

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 18.11% in 2016. The City's contributions to TMRS for fiscal year 2016, were \$26,364,866, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The TPL in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.50 %	4.55 %
International equity	17.50	6.10
Core fixed income	10.00	1.00
Non-core fixed income	20.00	3.65
Real return	10.00	4.03
Real estate	10.00	5.00
Absolute return	10.00	4.00
Private equity	5.00	8.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at December 31, 2014	<u>\$ 848,866,792</u>	<u>\$ 759,944,419</u>	<u>\$ 88,922,373</u>
Changes for the year:			
Service cost	25,341,004	-	25,341,004
Interest (on the total pension liability)	59,290,515	-	59,290,515
Difference between expected and actual experience	(6,117,445)	-	(6,117,445)
Changes of assumptions	(685,185)	-	(685,185)
Benefit payments, including refunds of employee contributions	(29,059,878)	(29,059,878)	-
Contributions - employer	-	25,429,543	(25,429,543)
Contributions - employee	-	9,831,426	(9,831,426)
Net investment income	-	1,121,428	(1,121,428)
Administrative expense	-	(683,011)	683,011
Other	-	(33,734)	33,734
Net changes	<u>48,769,011</u>	<u>6,605,774</u>	<u>42,163,237</u>
Balance at December 31, 2015	<u>\$ 897,635,803</u>	<u>\$ 766,550,193</u>	<u>\$ 131,085,610</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (5.75%) and 1-percentage-point-higher (7.75%) than the current rate:

<u>1% Decrease 5.75%</u>	<u>Current Single Rate Assumption 6.75%</u>	<u>1% Increase 7.75%</u>
\$ 260,361,299	\$ 131,085,610	\$ 24,898,247

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report which may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$33,276,498.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ (5,073,715)
Difference in assumption changes	-	(559,463)
Difference in projected and actual investment earnings on pension plan investments	47,092,593	-
Employer contributions subsequent to the measurement date	19,125,206	-
	<u>\$ 66,217,799</u>	<u>\$ (5,633,178)</u>

Deferred outflows of resources of \$19,125,206 related to pensions resulting from contributions subsequent to the measurement date. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	10,955,769
2017	10,955,769
2018	10,955,770
2019	9,153,792
2020	(561,685)
Total	<u>\$ 41,459,415</u>

B. Retirement Security Plan

Plan Description

On January 1, 1983, the City withdrew from the Federal Social Security system and created the RSP, a single-employer, defined-benefit pension trust fund, to provide retirement benefits for all full-time employees of the City. The Plan is created by City ordinance and administered by a committee of five, which meets four times a year. Professional investment management is used and a custodial bank retains the assets and provides for administration of benefit payments.

The Plan issues a separate publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, Texas 75074.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

As of the December 31, 2015 biennial actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	704
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>2,076</u>
	2,848

Retirement benefits become vested after five years of service. Members who terminate employment prior to completing five years of service are not eligible for any benefit and all contributions made on their behalf remain with the plan. Members are eligible to receive full retirement income benefits when they reach age 65 or reduced benefits when they reach a younger age and meet certain length-of-service requirements. Early retirement benefits are paid upon completion of 20 years of vesting service (TMRS credited service) or upon attaining age 60 with five years of vesting service. At least five years must be with the City. The RSP provides retirement income benefits, with annual cost-of-living adjustments, based on a member's years of service, average compensation (highest three years of last ten), and choice of single or joint-life monthly payments or a lump-sum payment as detailed following.

For normal retirement, the monthly benefit payment is calculated as follows:

$.007 \times \text{City of Plano credited service since January 1, 1983 (not to exceed 25 years)} \times \text{average compensation (highest 3 years of last 10)}.$

Early retirement benefits paid upon completion of 20 years of vesting (TMRS credited service) or upon attaining age 60 with 5 years of vesting service with the City are calculated as follows:

$.007 \times \text{City of Plano credited service since January 1, 1983 (not to exceed 25 years)} \times \text{average compensation (highest 3 years of last 10)} \times \text{a reduction factor based on the number of years which the benefit start date precedes the normal retirement date. The benefit amount is reduced by one-fifteenth (1/15) for each of the first five years and one-thirtieth (1/30) for each of the next five years (and on an Actuarial Equivalent basis thereafter) by which the starting date of payments precedes the employee's normal retirement date.}$

Benefits are paid as a monthly life annuity to the participant, with a guarantee that should the participant die prior to receiving 60 monthly payments, the payments will continue to a beneficiary for the balance of the 60-month period. There is no reduction factor if the participant waits until age 65 to begin drawing a monthly benefit.

A lump-sum payment option is available to eligible employees. Lump-sum payments follow these guidelines:

When lump-sum value is less than \$5,000, the benefit must be in form of a single lump-sum payment.

When lump-sum value is \$5,000 - \$12,000, participant has choice of single lump-sum payment or monthly annuity payments.

When lump-sum value exceeds \$12,000, the participant must receive monthly annuity payments.

Joint and survivor options are available. Total and permanent disability retirement benefits are provided. Each April 1, retirement benefits that have been paid for at least 12 months are adjusted to reflect changes in the U.S. Consumer Price Index (not to exceed 4%). This adjustment is applied to only the participant's benefits; spouses or beneficiaries are excluded.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Contributions and Funding Policy

Contributions by the City are established as part of the City budget process and the actuarially determined percentage of each payroll. No employee contributions are required by the plan. The City contributed \$4,081,765 for the year ended September 30, 2016.

The contribution amount is a 19-year level percentage of pay funding with a 3.25% payroll growth assumption. This funding approach produces a contribution pattern that is intended to increase in amount from year to year but remain relatively constant as a percent of payroll. Administrative costs, including investment, custodial trustee, and actuarial services are charged to the plan.

Net Pension Liability

The City's NPL was measured as of December 31, 2015 and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL was determined by an actuarial valuation as of December 31, 2015. The TPL as of December 31, 2015 was determined by rolling forward the liability from the actuarial valuation date using the following actuarial assumptions:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period	19 years as of the valuation date
Asset valuation method:	5-year smoothed market; 20% corridor
Inflation:	2.75%
Salary increases:	7.85% to 3.25% including inflation
Investment rate of return:	7.50%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	RP-2000 mortality for combined healthy annuitants with blue-collar adjustment. Males rates are multiplied by 1.09 and female rates are multiplied by 1.03. Generational mortality improvements applied using Scale BB.

Notes	Actuarially determined contribution rates are calculated as of December 31 of odd numbered years. The actuarially determined contribution rate determined by the valuation is effective for the biennium period beginning with the fiscal year following the valuation date.
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CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Rate of Return

Asset Class	Long-Term Expected Arithmetic Real Rate of Return	Target Asset Allocation	Development of Long-Term Arithmetic Return for Investment Portfolio
U.S. Government Obligations	2.8%	18%	0.50%
Government Agency Obligations	2.8%	2%	0.06%
Corporate Bonds	1.6%	12%	0.19%
U.S. Large Cap Stocks	5.9%	44%	2.60%
U.S. Mid Cap Stocks	7.2%	10%	0.72%
U.S. Small Cap Stocks	7.2%	3%	0.22%
Foreign Equities	6.8%	8%	0.54%
Alternatives (REITS)	6.3%	3%	0.19%
Total Expected Arithmetic Real Return:			5.02%
Inflation Assumption for Actuarial Valuation:			2.75%
Total Expected Arithmetic Nominal Return:			7.77%

Discount Rate

A single discount rate of 7.50% was used to measure the total pension liability for the plan year ended December 31, 2015, while 7.75% was used for plan year 2014. This single discount rate was based on the expected rate of return on pension plan investment of 7.50%. Based on the stated assumptions and the projection of cash flows as of each plan year ending December 31, the pension plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the single discount rate for the Plan assumed that the funding policy adopted by the RSP's Retirement Committee will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the closed period ending September 30, 2035, as a level percentage of payroll. Under this policy, there are 19 years remaining in the amortization period.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at December 31, 2014	\$ 108,563,549	\$ 119,035,632	\$ (10,472,083)
Changes for the year:			
Service cost	3,803,153	-	3,803,153
Interest (on the total pension liability)	8,412,933	-	8,412,933
Difference between expected and actual experience	(1,059,691)	-	(1,059,691)
Assumption changes	7,094,524	-	7,094,524
Benefit payments	(3,822,305)	(3,822,305)	-
Contributions - employer	-	3,959,196	(3,959,196)
Net investment income	-	2,076,698	(2,076,698)
Administrative expense	-	(320,784)	320,784
Other	-	(6,744)	6,744
Net changes	14,428,614	1,886,061	12,542,553
Balance at December 31, 2015	\$ 122,992,163	\$ 120,921,693	\$ 2,070,470

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease 6.50%	Current Single Rate Assumption 7.50%	1% Increase 8.50%
\$ 19,410,747	\$ 2,070,470	\$ (12,331,533)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$5,852,271.

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (929,108)
Assumption Changes	6,220,287	-
Difference between projected and actual earnings on pension plan investments	5,825,344	-
Employer contributions subsequent to the measurement date	2,978,316	-
	<u>\$ 15,023,947</u>	<u>\$ (929,108)</u>

Deferred outflows of resources of \$2,978,316 related to pensions resulting from contributions subsequent to the measurement date. Deferred outflows of resources of \$2,229,181, of which \$874,237 related to assumption changes and \$1,485,526 is the difference between projected and actual earnings on investments, will be recognized in the current fiscal year. Additionally, deferred inflows of \$130,583 related to differences between expected and actual experience and also will be recognized in the current fiscal year. The remaining years reported as deferred outflows of resources will be recognized in pension expense as follows:

2016	\$ 2,229,181
2017	2,229,181
2018	2,229,181
2019	2,112,420
2020	743,655
Thereafter	1,572,905
Total	<u>\$ 11,116,523</u>

Deferred Compensation Plan

The City offers its employees a deferred compensation plan, which is a defined-contribution benefit plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are held in trust or under one or more annuity contracts described in Internal Revenue Code Section 401(f). Except as may otherwise be permitted or required by law, no assets or income of the plan shall be used for, or diverted to, purposes other than for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the plan. Accordingly, the assets of the plan are not reported in the City's basic financial statements.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Postemployment Benefits

The City offers its retired employees under age 65 health insurance coverage under the same plan as the active employees and Medicare supplementary insurance for retirees 65 and older. The number of retired participants receiving health insurance coverage for 2016 was 431 of which 227 were on the same plan as the active employees and 204 on Medicare supplementary insurance. Premiums are paid by the retired employees and claims are processed by the City's agent and paid through the Health Claims Fund. Expenditures for postretirement healthcare benefits are recognized as retirees report claims. Claims paid for retired employees for 2016 were \$3,503,250.

Postemployment Benefits Trust Fund - Section 115 Trust

Plan Description

On March 1, 2008, the City established a Section 115 Trust (the Trust) to comply with the requirements of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (OPEB), for the purpose of funding and providing certain benefits to its eligible retirees and dependents. The single-employer, joint contributor hybrid defined-benefit plan is created by City ordinance and administered by the Risk Pool Trustees who meet four times a year. The Risk Pool Trustees consist of three or more City employees who are appointed by the City pursuant to the Plano Welfare Benefit Plan. Professional investment management is used and a custodial bank retains the assets of the Trust. The Trust issued a separate publicly available financial report that includes financial statements and required supplementary information at the Trust's fiscal year-end which is December 31. Those financial reports may be obtained by request to the City's Human Resources Department, 1520 Avenue K, Suite 130, Plano, Texas 75074.

Receipt of Contributions

The City delivers to the Section 115 Trustee the amounts of money that are contributed to the Trust Fund by the City and by participants. Contributions by the City are established as part of the City budget process and are based on amounts determined in the actuarial study prepared biennially. For fiscal year ending September 30, 2016, the City contributed \$5,530,675 to the Trust, which represents approximately 100% of the annual required contribution of the employer (ARC). In addition, retirees contributed \$1,102,654 to the Trust.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the City's ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount annually contributed to the Trust, and the changes in the City's net OPEB asset to the Trust.

	2016	2015	2014
Annual required contribution (ARC)	\$ 5,530,675	\$ 5,050,024	\$ 5,050,024
Interest on net OPEB asset	(1,485,689)	(1,463,996)	(1,463,996)
Adjustment to the ARC	1,540,923	1,465,224	1,465,224
Annual OPEB cost	5,585,909	5,051,252	5,051,252
Contributions made	(5,530,675)	(5,192,408)	(5,219,998)
(Increase) Decrease in net OPEB asset	55,234	(141,156)	(168,746)
Net OPEB asset, beginning of year	(21,224,129)	(21,082,973)	(20,914,227)
Net OPEB asset, end of year	<u><u>\$ (21,168,895)</u></u>	<u><u>\$ (21,224,129)</u></u>	<u><u>\$ (21,082,973)</u></u>

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The net OPEB asset has been recorded in prepaid and other assets in the government-wide financial statements.

The following table shows the assumed annual OPEB cost and net OPEB asset for the prior three years (7% discount and level percent of pay amortization):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset
9/30/14	7.0%	5,051,252	103.3%	(21,082,973)
9/30/15	7.0%	5,051,252	102.8%	(21,224,129)
9/30/16	7.0%	5,585,909	99.0%	(21,168,895)

Funding Status and Funding Progress

The funding status as of the most recent actuarial valuation date, is as follows:

Fiscal Year	Valuation Date	Value of Assets at Fiscal Year End	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/14	10/01/13	50,780,101	73,844,336	68.8%	(23,064,235)	128,505,673	(17.9%)
9/30/15	10/01/13	60,478,815	73,844,336	81.9%	(13,365,521)	128,505,673	(17.9%)
9/30/16	10/01/15	60,007,584	84,392,988	71.1%	(24,385,404)	141,555,822	(17.2%)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

	2016	2015	2014
Actuarial valuation date	10/01/15	10/01/13	10/01/13
Actuarial cost method	Projected	Projected	Projected
	Unit Credit	Unit Credit	Unit Credit
Amortization method	Level%	Level%	Level%
Remaining amortization period	22.2 years-	22.2 years-	22.2 years-
	Closed	Closed	Closed
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.0%	7.0%	7.0%
Payroll growth	3.0%	3.0%	3.0%
Inflation rate	2.5%	2.5%	2.5%
Medical inflation trend rate	5.9% initial	5.7% initial	5.7% initial

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

In the October 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the Trust assets and on the employer's own investments calculated based on the funded level of the Trust at the valuation date, and an annual healthcare trend rate of 5.9% initially, adjusted each year with an ultimate trend rate of 4.4% reached in 68 years. Both rates include a 2.5% inflation assumption. The initial UAAL was amortized over the maximum permissible period of 30 years as a level percentage of projected payroll on a closed basis, where salaries are assumed to increase at 3% per annum. The effective remaining amortization period at October 1, 2015 was 22.2 years. The value of assets is equal to the market value of assets as of the valuation date.

6. LONG-TERM DEBT:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2016, is as follows (in thousands of dollars):

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
Governmental Activities:					
General obligation bonds and certificates of obligation	\$ 294,010	\$ 67,195	\$ (63,235)	\$ 297,970	\$ 24,665
Tax anticipation notes	6,460	-	(1,840)	4,620	1,840
Deferred amounts:					
Premium	22,382	12,243	(4,849)	29,776	4,728
Total bonds and notes payable	322,852	79,438	(69,924)	332,366	31,233
Compensated absences	39,862	14,061	(15,592)	38,331	4,917
Liability for insurance claims	5,940	29,563	(29,605)	5,898	5,569
Net pension liability	79,168	39,531	-	118,699	-
Governmental activities Long-term debt	\$ 447,822	\$ 162,593	\$ (115,121)	\$ 495,294	\$ 41,719

The compensated absences liability attributable to the governmental activities will be liquidated by several of the City's governmental and internal service funds. Approximately 96.3% has been paid by the General Fund, 0.8% by Special Revenue Funds and 3.0% by Internal Service Funds.

The liability for insurance claims will be liquidated through a variety of funds. The General Fund bears approximately 83.7% of the claims and judgments liability. The Enterprise Funds bear approximately 11.0% of the claims and judgment liability, while the Internal Service and Special Revenue Funds bear approximately 5.0% and 0.3%, respectively.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

	Balance, Beginning of Year	Increase	Decrease	Balance, End of Year	Due Within One Year
Business-Type Activities:					
Water and Sewer revenue bonds	\$ -	\$ 24,775	\$ -	\$ 24,775	\$930
Municipal Drainage revenue bonds	15,805	-	(2,045)	13,760	1,775
Deferred amounts:					
Premium	563	3,436	(43)	3,956	51
Total bonds payable	16,368	28,211	(2,088)	42,491	2,756
Compensated absences	3,884	1,674	(1,591)	3,967	378
Net pension liability	9,755	4,702	-	14,457	-
Business-type activities					
Long-term debt	\$ 30,007	\$ 34,587	\$ (3,679)	\$ 60,915	\$ 3,134

Long-term debt at September 30, 2016 includes the following individual issues (not including the unamortized premium of \$29,776,608 and the unamortized deferred charge on refunding of \$8,171,352 of the General Obligation Bonds, and the unamortized premium of \$519,893 and unamortized deferred charges of \$372,085 of the Municipal Drainage Revenue Bonds and the unamortized premium of \$3,435,692 of the Water and Sewer Revenue Bonds).

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
General Obligation Bonds:						
2007 Various purpose	4.25 – 5.25	5/1/2007	9/1/2027	35,675,000	35,675,000	-
2008 Various purpose	3.50 – 5.00	1/15/2008	9/1/2028	41,295,000	39,410,000	1,885,000
2009 Refunding and Improvements	2.25 – 4.75	1/15/2009	9/1/2029	35,330,000	26,360,000	8,970,000
2010 Refunding and Improvements	2.00 – 4.00	1/15/2010	9/1/2030	28,520,000	12,970,000	15,550,000
2011 Various purpose	2.50 - 4.75	1/15/2011	9/1/2031	21,400,000	3,765,000	17,635,000
2011 Refunding and Improvements	2.00 – 5.00	10/15/2011	9/1/2032	46,400,000	9,960,000	36,440,000
2013 Refunding and Improvements	2.00 – 5.00	2/15/2013	9/1/2033	61,925,000	2,575,000	59,350,000
2014 Refunding and Improvements	2.00 - 4.00	4/15/2014	9/1/2034	29,325,000	8,465,000	20,860,000
2015 Refunding and Improvements	2.00 - 5.00	5/1/2015	9/1/2035	75,685,000	10,820,000	64,865,000
2016 Refunding and Improvements	1.00 - 5.00	4/15/2016	9/1/2036	67,195,000	810,000	66,385,000
				442,750,000	150,810,000	291,940,000
Tax Anticipation Notes:						
2009 Tax anticipation notes	2.25 – 3.00	1/15/2009	9/1/2016	6,355,000	6,355,000	-
2015 Tax anticipation notes	2.00 - 3.00	5/1/2015	9/1/2021	5,745,000	1,125,000	4,620,000
				12,100,000	7,480,000	4,620,000
Certificates of Obligation:						
2010 Various purpose	2.00 – 4.00	1/15/2010	9/1/2022	9,660,000	3,630,000	6,030,000
				9,660,000	3,630,000	6,030,000
Water & Sewer Revenue						
2016 Improvements	1.00 - 5.00	4/15/2016	5/1/2036	24,775,000	-	24,775,000
				24,775,000	-	24,775,000
Municipal Drainage Revenue						
Bonds:						
2006 Improvements	4.00 – 5.00	2/1/2006	5/15/2026	1,455,000	1,455,000	-
2007 Improvements	4.00 – 5.50	5/1/2007	5/15/2027	2,000,000	1,905,000	95,000
2008 Improvements	4.00 – 4.50	1/15/2008	5/15/2028	2,085,000	605,000	1,480,000
2009 Refunding and Improvements	3.00 – 3.50	1/15/2009	5/15/2029	4,790,000	3,120,000	1,670,000
2010 Refunding and Improvements	2.00 – 4.25	1/15/2010	5/15/2030	6,790,000	2,200,000	4,590,000
2015 Refunding	2.00 - 4.00	5/1/2015	5/15/2027	7,105,000	1,180,000	5,925,000
				\$ 24,225,000	10,465,000	13,760,000

The annual requirements to amortize debt outstanding as of September 30, 2016, including interest payments of \$117,594 follow. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable and have not been included in the following summary (noted in thousands).

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

Year Ended September 30	General Obligation, Tax Anticipation Notes & Certificates of Obligation		Water & Sewer		Municipal Drainage	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 26,505	13,278	930	907	1,775	469
2018	25,440	12,250	855	980	1,600	423
2019	25,000	11,187	880	955	1,440	380
2020	21,475	10,041	905	928	1,285	341
2021	21,485	9,037	945	892	1,330	296
2022-2026	96,540	31,009	5,375	3,799	4,585	881
2027-2031	59,265	12,843	6,715	2,461	1,745	166
2032-2036	26,880	3,065	8,170	1,006	-	-
Total	\$ 302,590	102,710	24,775	11,928	13,760	2,956

The City intends to retire all of its general long-term liabilities, plus interest, from ad valorem taxes and other current revenues. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water and Sewer Fund and the Municipal Drainage Fund.

A. General Obligation Bonds and Certificates

The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due. The Debt Service Fund has \$3,925,760 available to service the general obligation debt after all debt due in the current fiscal year has been paid.

There are a number of limitations and restrictions contained in the various general obligation bonds and certificate indentures. Management of the City believes it is in compliance with the significant limitations and restrictions at September 30, 2016.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. Beginning in 1992, the City paid required five-year rebates. There are no future rebates estimated as of September 30, 2016. As provided for by the bond indentures, this amount has been recorded in the General Fund in "Due to other governments" for the benefit of the federal government and will be paid as required by applicable regulations.

In June 2016, the City issued \$67,195,000 in General Obligation refunding and improvements bonds, with interest rates ranging from 1.0% to 5.0%. The portion of the debt that represents refunded bonds were Series 2008 and 2009 general obligation bonds totaling \$36,535,000 and carried interest rates ranging from 4.0% to 5.0% with maturity dates of 2018 through 2029. As a result of the refunding, the City obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$3,641,918.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

B. Water and Sewer Revenue Bonds

The Water and Sewer Revenue Bonds are secured by the net revenues of the Water and Sewer Fund as defined in the respective bond indentures.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirement as they become due. At September 30, 2016, \$801,867 is restricted within the Water and Sewer Fund for debt service requirements.

A reserve fund is not required so long as the net revenues equal or exceed 150% of the annual debt service requirements due and payable in the fiscal year.

In June of 2016, the City issued \$24,775,000 in Water and Sewer revenue bonds, with interest ranging from 1.0% to 5.0%.

Bond proceeds since 1988 are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, there were no excess arbitrage earnings estimated at September 30, 2016. The City is in compliance with all requirements of the bond ordinances for the year ended September 30, 2016.

Restricted assets of the Water and Sewer Fund at September 30, 2016 are as follows:

Cash and cash equivalents	\$ 11,498,036
Investments	42,555,379
Accrued interest receivable	<u>252,031</u>
	<u>\$ 54,305,446</u>

C. Municipal Drainage Revenue Bonds

These bonds are secured by a first lien on and pledge of the revenues of the Municipal Drainage Fund in accordance with the provisions of the bond indenture.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2016, \$2,497,098 is restricted within the Municipal Drainage Fund for debt service requirements.

In addition, the bond indenture requires a reserve equal to the average annual debt services requirement be maintained in order to pay any bond principal and interest should the debt service funds be insufficient. At September 30, 2016 the reserve required and restricted within the Municipal Drainage Fund is \$1,193,981.

Municipal Drainage revenue bonds are covered by the arbitrage provisions of the Internal Revenue Tax Act of 1986. Accordingly, there were no excess arbitrage earnings estimated at September 30, 2016. The City is in compliance with all requirements of the bond ordinance for the year ended September 30, 2016.

Restricted assets of the Municipal Drainage Fund at September 30, 2016 are as follows:

Cash and cash equivalents	\$ 1,286,326
Investments	4,760,818
Accrued interest receivable	<u>28,195</u>
	<u>\$ 6,075,339</u>

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

7. INTERFUND TRANSACTIONS:

A summary of interfund receivables and payables at September 30, 2016 is as follows:

Due To	Due From			
	General Fund	Water & Sewer	Municipal Drainage	Total
General Fund	\$ -	11,933	1,262	\$ 13,195
Nonmajor Governmental Funds	239,534	-	-	239,534
Internal Service	9,806	729	-	10,535
Nonmajor Enterprise Funds	-	-	1,430	1,430
Total	<u>\$ 249,340</u>	<u>12,662</u>	<u>2,692</u>	<u>\$ 264,694</u>

Due to and due from entries are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The City performs a complex calculation to determine the value of the charges in lieu of taxes to be paid to the General Fund. This calculation is reasonably equivalent to the value of the services provided to the Water and Sewer and Environmental Waste Services funds and is, therefore, appropriately reported as an expense as opposed to a transfer. During fiscal year 2016, charges in lieu of taxes were \$9,845,021.

Transfers between funds during the year were as follows:

Transfers Out	Transfers In					Total
	General Fund	Environmental Waste Services	Capital Reserve	Internal Service	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 23,600,000	\$ 788,958	\$ 300,020	\$ 24,688,978
Nonmajor Governmental Funds	-	8	-	-	-	8
Internal Service	-	-	-	-	250,000	250,000
Water and Sewer	7,801,419	-	1,500,000	-	-	9,301,419
Municipal Drainage	508,777	-	500,000	-	-	1,008,777
Nonmajor Enterprise Funds	711,082	-	1,100,000	-	-	1,811,082
Total	<u>\$ 9,021,278</u>	<u>\$ 8</u>	<u>\$ 26,700,000</u>	<u>\$ 788,958</u>	<u>\$ 550,020</u>	<u>\$ 37,060,264</u>

The City performs a cost allocation to determine the portion of indirect expenses that will be reimbursed by the respective business-type activities to the General Fund. The City funds the Capital Reserve fund by transferring amounts from the General Fund and Water and Sewer fund each year based on a portion of depreciation.

Transfers are primarily used to move funds to finance various programs in accordance with budgetary authorizations.

**CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016**

8. REGIONAL SYSTEMS FOR WATER SUPPLY, WASTEWATER TREATMENT AND SOLID WASTE DISPOSAL:

The City secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board (the "Board"), the City being authorized by statute to appoint two of those members. The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contracts with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements. A portion of the outstanding bonds of the District is contract revenue bonds based on contracts with certain member cities of the District. The City provides for the payment of its contractual obligations with the District from revenues generated by its waterworks and sewer systems. Such contractual payments provide for the payment of the principal and interest requirements, and the premium payment, if any, on specified indebtedness and associated operation and maintenance expenses of the District.

Water Supply

On December 12, 1953, the City entered into a contract with the District whereby the District agreed to provide water for the benefit of the City. In return for this service, the City agreed to pay the District at a rate per 1,000 gallon basis, subject to minimum annual payments. The City's annual payment for the year ended September 30, 2016 was \$59,057,251. The City has also contracted for water transmission facility improvements and pays the District for debt service for bonds issued to fund the improvements. For fiscal year 2016, this payment was \$824,600. Future years' payments to debt service are as follows:

2017	\$ 836,650
2018	\$ 222,525

Wastewater Treatment

On October 1, 1975, the City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general area of the East Fork of the Trinity River, which includes the City and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said services, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component;" (e) each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City's payment for the year ended September 30, 2016 was \$27,597,420, net of payments to the City for facilities usage.

Solid Waste Disposal

On November 29, 1979, the City entered into a contract for services with the District, whereby the District agreed to provide a solid waste disposal system for the benefit of the City and other cities. Each city agreed to pay its share of an annual requirement for the operating expenses and debt service of the District to be calculated in the same manner as the wastewater contract. The City's annual payment for the year ended September 30, 2016 was \$8,310,401.

9. COMMITMENTS AND CONTINGENCIES:

The City has contractual commitments of \$47,933,459 in the Capital Projects Funds, \$8,817,690 in the Water and Sewer Fund, and \$454,390 in the Municipal Drainage Fund. These commitments are for construction of various projects and will be funded primarily from general obligation bond proceeds in the Capital Projects Funds, operating revenues in the Water and Sewer Fund and revenue bond proceeds in the Municipal Drainage Fund.

Various claims and lawsuits are pending in which the City is involved. Included among the various actions are those for which the discovery process is currently underway or which have yet to proceed to trial. It is the opinion of City management that the ultimate outcome of all other lawsuits will not have a material adverse effect on the City's financial position.

The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

10. SELF-INSURANCE:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a self-insurance program for general liability, public officials' errors and omission, police professional liability, property loss and workers' compensation. The Property/Liability Loss Fund (Internal Service) has been established to pay identified claims and judgments, maintain loss reserves and purchase insurance coverage as required.

Group medical benefits are paid from the Health Claims Fund (Internal Service), which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage.

CITY OF PLANO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2016

The liabilities for insurance claims reported in each of the funds are based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. Change in each fund's claims liability amount in fiscal 2016 and 2015 was as follows:

Fund	Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
2016				
Property/Liability Loss	\$ 3,840,044	\$ 2,837,630	\$ (3,217,552)	\$ 3,460,122
Health Claims	2,099,547	26,725,515	(26,387,404)	2,437,658
Total	<u>\$ 5,939,591</u>	<u>\$ 29,563,145</u>	<u>\$ (29,604,956)</u>	<u>\$ 5,897,780</u>
2015				
Property/Liability Loss	\$ 3,976,274	\$ 3,040,888	\$ (3,177,118)	\$ 3,840,044
Health Claims	2,474,426	24,153,002	(24,527,881)	2,099,547
Total	<u>\$ 6,450,700</u>	<u>\$ 27,193,890</u>	<u>\$ (27,704,999)</u>	<u>\$ 5,939,591</u>

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Adjustments- Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final	Actual			
REVENUES:						
Taxes:						
Property taxes	\$ 110,692,516	\$ 110,796,325	\$ 111,458,536	\$ (2,080,324)	\$ 109,378,212	\$ (1,418,113)
Sales taxes	72,673,623	72,781,478	76,347,085	-	76,347,085	3,565,607
Other taxes	1,874,805	1,989,292	2,043,529	-	2,043,529	54,237
Franchise fees	24,950,109	23,772,478	23,795,403	-	23,795,403	22,925
Fines and forfeitures	7,643,903	7,195,663	7,093,728	-	7,093,728	(101,935)
Licenses and permits	10,382,467	12,963,256	13,864,396	-	13,864,396	901,140
Intragovernmental	9,845,021	9,845,021	9,845,021	-	9,845,021	-
Intergovernmental	947,419	1,008,690	1,039,506	-	1,039,506	30,816
Fees for services	13,697,705	13,831,968	13,793,976	-	13,793,976	(37,992)
Investment income	600,000	700,000	826,979	-	826,979	126,979
Miscellaneous	1,652,317	1,688,416	1,785,782	-	1,785,782	97,366
Total revenues	254,959,885	256,572,587	261,893,941	(2,080,324)	259,813,617	3,241,030
EXPENDITURES:						
General government	30,770,886	29,740,017	28,719,550	(612,693)	28,106,857	1,633,160
Administrative services	10,515,165	10,550,123	10,137,693	137,513	10,275,206	274,917
Police	74,675,607	71,912,446	71,176,863	344,567	71,521,430	391,016
Fire	53,590,875	53,890,572	53,812,611	424,768	54,237,379	(346,807)
Libraries	10,353,335	10,988,002	10,827,105	79,996	10,907,101	80,901
Development	32,608,496	34,285,997	30,749,720	1,384,068	32,133,788	2,152,209
Public services and operations	6,482,042	6,731,113	6,362,128	218,640	6,580,768	150,345
Parks and recreation	25,060,588	25,836,333	23,043,731	1,431,426	24,475,157	1,361,176
Public works	6,775,839	6,681,581	6,328,770	118,122	6,446,892	234,689
Technology services	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Capital outlay	3,178,017	3,740,049	1,482,113	1,547,699	3,029,812	710,237
Total expenditures	255,010,850	255,356,233	243,640,284	5,074,106	248,714,390	6,641,843
Excess (deficiency) of revenues over (under) expenditures	(50,965)	1,216,354	18,253,657	(7,154,430)	11,099,227	9,882,873
OTHER FINANCING SOURCES (USES):						
Transfers in	8,388,680	9,021,278	9,021,278	-	9,021,278	-
Transfers out	(24,350,000)	(24,350,000)	(24,688,978)	-	(24,688,978)	(338,978)
Total other financing uses	(15,961,320)	(15,328,722)	(15,667,700)	-	(15,667,700)	(338,978)
Net change in fund balance	(16,012,285)	(14,112,368)	2,585,957	(7,154,430)	(4,568,473)	9,543,895
FUND BALANCE, October 1	51,604,016	51,604,016	51,604,016	-	51,604,016	-
FUND BALANCE, September 30	\$ 35,591,731	\$ 37,491,648	\$ 54,189,973	\$ (7,154,430)	\$ 47,035,543	\$ 9,543,895

See accompanying independent auditors' report.

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
ADJUSTMENTS TO REVENUES, EXPENDITURES AND OTHER
FINANCING USES FROM GAAP BASIS TO BUDGETARY BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Net Change in Fund Balance
GAAP basis	<u>\$ 2,585,957</u>
Revenues:	
Decrease due to rolled back taxes	(2,080,324)
Expenditures:	
Increase due to encumbrances	<u>(5,074,106)</u>
Budgetary basis	<u><u>\$ (4,568,473)</u></u>

See accompanying independent auditors' report.

CITY OF PLANO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OPEB TRUST - POSTEMPLOYMENT BENEFITS 115 TRUST FUNDING PROGRESS AND CONTRIBUTIONS
LAST SIX FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	Unfunded Actuarial Accrued Liability UAAL	Funded Percent	Covered Payroll	UAAL Percent of Covered Payroll	Annual Required Contributions	Actual City Contributions	Actual Retiree Contributions	Percent Contributed By City
2011	10/1/09	33,647,178	50,657,828	(17,010,650)	66.42%	113,388,754	(15.0%)	4,036,553	4,192,847	908,333	103.87%
2012	10/1/11	35,008,862	59,410,089	(24,401,227)	58.93%	124,090,481	(19.7%)	4,579,847	4,243,468	812,013	92.66%
2013	10/1/11	51,322,263	59,410,089	(8,087,826)	86.39%	124,090,481	(6.5%)	4,579,847	4,911,473	938,320	107.24%
2014	10/1/13	50,780,101	73,844,336	(23,064,235)	68.77%	128,505,673	(17.9%)	5,050,024	5,219,998	1,001,647	103.37%
2015	10/1/13	60,478,815	73,844,336	(13,365,521)	81.90%	128,505,673	(10.4%)	5,050,024	5,192,408	1,042,959	102.82%
2016	10/1/15	60,007,584	84,392,988	(24,385,404)	71.10%	141,555,822	(17.2%)	5,530,675	5,530,675	1,102,654	100.00%

See accompanying independent auditors' report.



TMRS

Schedule of Changes in Net Pension Liability and Related Ratios (10 years)

Fiscal year ending December 31,	2014	2015
Total pension liability		
Service cost	\$ 22,556,087	\$ 25,341,004
Interest (on the total pension liability)	55,667,118	59,290,515
Difference between expected and actual experience	(122,591)	(6,117,445)
Change of assumptions	-	(685,185)
Benefit payments, including refunds of employee contributions	(26,400,655)	(29,059,878)
Net change in total pension liability	\$ 51,699,959	\$ 48,769,011
Total pension liability - beginning	797,166,833	848,866,792
Total pension liability - ending (a)	<u>\$ 848,866,792</u>	<u>\$ 897,635,803</u>
Plan fiduciary net position		
Contributions - employer	\$ 28,690,370	\$ 25,429,543
Contributions - employee	9,684,277	9,831,426
Net investment income	40,500,200	1,121,428
Benefit payments, including refunds of employee contributions	(26,400,655)	(29,059,878)
Administrative expense	(422,815)	(683,011)
Other	(34,762)	(33,734)
Net change in plan fiduciary net position	\$ 52,016,615	\$ 6,605,774
Plan fiduciary net position - beginning	707,927,804	759,944,419
Plan fiduciary net position - ending (b)	<u>\$ 759,944,419</u>	<u>\$ 766,550,193</u>
Net pension liability (a) - (b)	<u>\$ 88,922,373</u>	<u>\$ 131,085,610</u>
Plan fiduciary net position as a percentage of the total pension liability	89.52%	85.40%
Covered - employee payroll	\$ 138,229,574	\$ 140,393,376
Net pension liability as a percentage of covered employee payroll	64.33%	93.37%

Note: GASB 68 requires 10 fiscal years of data. As a result of the City implementing GASB 68 in fiscal year 2015, this schedule will be built to show the remaining reporting requirement.

See accompanying independent auditors' report.

Schedule of Contributions (10 years)

Fiscal year ending September 30,	2015	2016
Actuarially determined contributions	\$ 25,309,703	\$ 26,364,866
Contributions in relation to the actuarially determined contribution	28,309,703	26,364,866
Contribution deficiency (excess)	(3,000,000)	-
Covered employee payroll	\$ 138,720,040	\$ 145,557,931
Contributions as a percentage of covered employee payroll	20.4%	18.1%

Note: GASB 68 requires 10 fiscal years of data. As a result of the City implementing GASB 68 in fiscal year 2015, this schedule will be built to show the remaining reporting requirement.

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combine Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

RSP

Schedule of Changes in Net Pension Asset/Liability and Related Ratios (10 years)

Fiscal year ending December 31,	2014	2015
Total pension liability		
Service cost	\$ 3,674,544	\$ 3,803,153
Interest (on the total pension liability)	7,802,936	8,412,933
Difference between Expected and Actual Experience	-	(1,059,691)
Assumption Changes	-	7,094,524
Benefit payments	(3,518,902)	(3,822,305)
Net change in total pension liability	7,958,578	14,428,614
Total pension liability - beginning	100,604,971	108,563,549
Total pension liability - ending (a)	<u>\$ 108,563,549</u>	<u>\$ 122,992,163</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 4,037,995	\$ 3,959,196
Net investment income	8,012,049	2,076,698
Benefit payments	(3,518,902)	(3,822,305)
Administrative expense	(278,376)	(320,784)
Other	(22,051)	(6,744)
Net change in plan fiduciary net position	8,230,715	1,886,061
Plan fiduciary net position - beginning	110,804,917	119,035,632
Plan fiduciary net position - ending (b)	<u>\$ 119,035,632</u>	<u>\$ 120,921,693</u>
Net pension (asset)/liability (a) - (b)	(10,472,083)	2,070,470
Plan fiduciary net position as a percentage of the total pension liability	109.65%	98.32%
Covered - employee payroll	\$ 117,023,684	\$ 130,412,851
Net pension asset/liability as a percentage of covered employee payroll	(8.95)%	1.59%

Note: GASB 68 requires 10 fiscal years of data. As a result of the City implementing GASB 68 in fiscal year 2015, this schedule will be built to show the remaining reporting requirement.

See accompanying independent auditors' report.

Schedule of Contributions (10 years)

Fiscal year ending September 30,	2015	2016
Actuarially determined contributions	\$ 3,908,790	\$ 4,081,765
Contributions in relation to the actuarially determined contribution	3,908,790	4,081,765
Contribution deficiency (excess)	-	-
Covered employee payroll	\$ 125,281,726	\$ 130,825,766
Contributions as a percentage of covered employee payroll	3.12%	3.12%

Note: GASB 68 requires 10 fiscal years of data. As a result of the City implementing GASB 68 in fiscal year 2015, this schedule will be built to show the remaining reporting requirement.

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 of odd numbered years. The actuarially determined contribution rate determined by the valuation is effective for the biennium period beginning with the fiscal year following the valuation date.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	19 years as of the valuation date
Asset valuation method:	5-year smoothed market; 20% corridor
Inflation:	2.75%
Salary increases:	7.85% to 3.25% including inflation
Investment rate of return:	7.50%
Retirement age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	RP-2000 mortality for combined healthy annuitants with blue-collar adjustment.
	Males rates are multiplied by 1.09 and female rates are multiplied by 1.03.
	Generational mortality improvements applied using Scale BB.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

CRIMINAL INVESTIGATION FUND – to account for any monies taken into police custody as a result of police investigation. These monies are to be spent only on law enforcement activities as provided by state statute.

GRANT FUND – to account for monies received from other governmental agencies.

PLANO TELEVISION (PTV) FUND – to account for monies received for local access programming, under conditions contained within the franchise agreement with AT&T Broadband.

PUBLIC SAFETY COMMUNICATIONS – to account for 9-1-1 reserve fund monies received from wireless communication fees to be used for related 9-1-1 services; and intergovernmental radio fund fees collected under an interlocal agreement for a joint communication system between the cities of Plano, Allen and Frisco, the fees are used to pay maintenance expenses of the system; and wireline fees and reporting for 9-1-1 expenditures.

MUNICIPAL COURT – to account for building security fund monies received from conviction of misdemeanor fees to be used to provide for the security and housing of municipal courts; teen court fees collected from teens requesting teen court, these monies are used to cover the costs of administering teen court; municipal court technology state fees collected with each citation that has resulted from a conviction; judicial efficiency state fees collected for payment on any part of a judgment on or after the 31st date on which a judgment is entered where one-half is remitted to the state, four-tenths is retained locally with no restriction, while one-tenth is used for the purpose of improving judicial efficiency; juvenile case managers supervise youth under 17 years of age who have been charged with a crime, fees received are used to fund a portion of the juvenile case manager position; traffic safety fees collected in relation to motor vehicle code violations which are used for public safety purposes; child safety fees collected from \$1 for each registered vehicle, these fees are used to fund the school crossing guard program and other child safety related programs.

MEMORIAL LIBRARY FUND – to account for monies received in support of the City's library.

SEIZED ASSETS FUND – to account for the seizure and disposition of assets confiscated by local law enforcement agencies.

LIBRARIES – to account for library training lab monies received from the Bill and Melinda Gates Foundation for the establishment of a library training lab; and Sproles library fund monies received in support of the City's library.

ANIMAL SHELTER DONATIONS – to account for donations to assist the animal shelter.

BLENDED COMPONENT UNITS:

PUBLIC IMPROVEMENT DISTRICT – organized to provide additional improvements and services in Downtown Plano where funding is derived from a special assessment paid by downtown property owners and based on a property's taxable value.

PLANO IMPROVEMENT CORPORATION – organized as a legally separate, nonprofit entity that serves the citizens of the City by facilitating real estate transactions and serve as an independent foundation for acceptance of donations.

CAPITAL PROJECTS FUNDS:

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other government.

The City's nonmajor Capital Projects Funds are as follows:

DART – to account for the financing and construction of street modifications necessary to accommodate the public transportation system. Funds are provided through the DART Local Assistance Program.

PARK SERVICES – to account for building permit fees exclusively for the acquisition and development of new neighborhoods and parks.

PUBLIC INFRASTRUCTURE – to account for Improvements to City of Plano owned infrastructure related to existing commercial facilities, including streets, utilities, open space and other infrastructure.



CITY OF PLANO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2016

	Special Revenue			
	Criminal Investigation	Grant	PTV	Public Safety Communications
ASSETS				
Cash and cash equivalents	\$ 1,125,656	\$ 1,013,841	\$ 328,216	\$ 3,308,837
Investments	4,166,162	372,584	1,214,760	12,246,335
Receivables (net of allowance for uncollectible)				
Accounts	2,372	-	-	-
Accrued interest	24,674	2,206	7,194	72,528
Other	-	189,356	-	-
Due from other governments	11,593	157,656	-	97,400
Prepaid items and other assets	-	1,022	127,431	78
Total assets	5,330,457	1,736,665	1,677,601	15,725,178
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	191,123	3,040	14,040	21,057
Accrued liabilities	-	368	13,873	-
Unearned revenue	-	-	-	-
Due to other funds	-	239,534	-	-
Due to other governments	-	414	-	-
Seized assets payable	-	-	-	-
Total liabilities	191,123	243,356	27,913	21,057
Deferred inflows of resources:				
Unavailable revenue	-	1,000,046	-	-
Fund Balances:				
Nonspendable:				
Prepaid items and other assets	-	1,022	127,431	78
Restricted for:				
Capital projects	-	-	-	-
Special revenue	5,139,334	492,241	1,522,257	15,704,043
Blended component unit	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Total fund balances	5,139,334	493,263	1,649,688	15,704,121
Total liabilities, deferred inflows, and fund balance	\$ 5,330,457	\$ 1,736,665	\$ 1,677,601	\$ 15,725,178

					Blended Component Units	
Municipal Court	Memorial Library	Seized Assets	Libraries	Animal Shelter Donations	Public Improvement District	Plano Improvement Corporation
\$ 3,234,382	\$ 80,032	\$ 13,914	\$ 7,791	\$ 41,167	\$ 19,203	\$ -
11,970,760	296,208	51,498	28,835	152,362	71,494	-
481,350	-	-	-	191	-	-
70,896	1,755	305	171	902	-	-
-	-	-	-	-	-	-
97,970	-	-	-	-	-	-
10,395	-	-	-	-	5,065	-
15,865,753	377,995	65,717	36,797	194,622	95,762	-
341,762	8,496	-	-	-	5,423	-
9,398	-	-	-	-	-	-
-	-	-	-	-	25,000	-
-	-	-	-	-	-	-
2,040,404	-	-	-	-	-	-
-	-	65,717	-	-	-	-
2,391,564	8,496	65,717	-	-	30,423	-
-	-	-	-	-	-	-
10,395	-	-	-	-	5,065	-
-	-	-	-	-	-	-
13,463,794	369,499	-	36,797	194,622	-	-
-	-	-	-	-	60,274	-
-	-	-	-	-	-	-
13,474,189	369,499	-	36,797	194,622	65,339	-
\$ 15,865,753	\$ 377,995	\$ 65,717	\$ 36,797	\$ 194,622	\$ 95,762	\$ -

(continued)

CITY OF PLANO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2016
(continued)

	Capital Projects			Total Nonmajor Governmental Funds
	DART	Public Infrastructure	Park Services	
ASSETS				
Cash and cash equivalents	\$ 60,713	\$ 736,335	\$ 1,197,723	\$ 11,167,810
Investments	224,703	2,725,249	4,432,893	37,953,843
Receivables (net of allowance for uncollectible)				
Accounts	-	-	-	483,913
Accrued interest	1,331	174,306	26,254	382,522
Other	-	-	-	189,356
Due from other governments	-	-	-	364,619
Prepaid items and other assets	-	-	-	143,991
Total assets	<u>286,747</u>	<u>3,635,890</u>	<u>5,656,870</u>	<u>50,686,054</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	584,941
Accrued liabilities	-	-	-	23,639
Unearned revenue	-	-	-	25,000
Due to other funds	-	-	-	239,534
Due to other governments	-	-	-	2,040,818
Seized assets payable	-	-	-	65,717
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,979,649</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	1,000,046
Fund Balances:				
Nonspendable:				
Prepaid items and other assets	-	-	-	143,991
Restricted for:				
Capital projects	286,747	3,635,890	-	3,922,637
Special revenue	-	-	-	36,922,587
Blended component unit	-	-	-	60,274
Assigned to:				
Capital projects	-	-	5,656,870	5,656,870
Total fund balances	<u>286,747</u>	<u>3,635,890</u>	<u>5,656,870</u>	<u>46,706,359</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 286,747</u>	<u>\$ 3,635,890</u>	<u>\$ 5,656,870</u>	<u>\$ 50,686,054</u>



CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Special Revenue			
	Criminal Investigation	Grant	PTV	Public Safety Communications
REVENUES				
Fines and forfeitures	\$ 156,881	\$ -	\$ -	\$ -
Contributions	-	-	-	-
Intergovernmental	42,887	2,213,294	-	95,248
Fees for services	-	-	869,949	1,437,586
Assessed taxes	-	-	-	-
Loan repayments	-	52,553	-	-
Investment income	39,888	3,584	13,454	109,231
Miscellaneous	10,215	-	-	-
Total revenues	<u>249,871</u>	<u>2,269,431</u>	<u>883,403</u>	<u>1,642,065</u>
EXPENDITURES				
Police	546,798	254,373	-	502,525
Fire	-	78,193	-	102,927
Libraries	-	73,026	-	-
Development	-	1,503,280	-	-
Public services and operations	-	-	895,946	59,576
Environmental waste services	-	877	-	-
Capital outlay	32,507	28,870	581,881	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>579,305</u>	<u>1,938,619</u>	<u>1,477,827</u>	<u>665,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(329,434)</u>	<u>330,812</u>	<u>(594,424)</u>	<u>977,037</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	-	-	-
Premium on sale of bonds	-	-	-	-
Capital receipt	-	-	-	-
Capital disposal	-	-	-	-
Transfers in	-	20	500,000	-
Transfers out	-	(8)	-	-
Total other financing sources	<u>-</u>	<u>12</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	<u>(329,434)</u>	<u>330,824</u>	<u>(94,424)</u>	<u>977,037</u>
Fund balances-beginning	5,468,768	162,439	1,744,112	14,727,084
Fund balances-ending	<u>\$ 5,139,334</u>	<u>\$ 493,263</u>	<u>\$ 1,649,688</u>	<u>\$ 15,704,121</u>

Blended Component Units					
Municipal Court	Memorial Library	Libraries	Animal Shelter Donations	Public Improvement District	Plano Improvement Corporation
\$ 5,978,324	\$ -	\$ -	\$ -	\$ -	\$ -
-	21,051	-	55,795	-	-
-	-	-	-	-	-
1,046,096	-	-	-	-	-
-	-	-	-	96,327	-
-	-	-	-	-	-
98,111	2,761	265	1,237	-	-
-	-	-	-	-	-
7,122,531	23,812	265	57,032	96,327	-
5,270,199	-	-	-	-	-
-	-	-	-	-	-
-	10,835	-	-	-	-
-	-	-	-	150,275	-
-	-	-	6,167	-	-
-	-	-	-	-	-
6,827	14,127	-	-	-	-
-	-	-	-	-	-
5,277,026	24,962	-	6,167	150,275	-
1,845,505	(1,150)	265	50,865	(53,948)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	650,000
-	-	-	-	-	(650,000)
-	-	-	-	50,000	-
-	-	-	-	-	-
-	-	-	-	50,000	-
1,845,505	(1,150)	265	50,865	(3,948)	-
11,628,684	370,649	36,532	143,757	69,287	-
\$ 13,474,189	\$ 369,499	\$ 36,797	\$ 194,622	\$ 65,339	\$ -

(continued)

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(continued)

	Capital Projects			Total Nonmajor Governmental Funds
	DART	Public Infrastructure	Park Services	
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 6,135,205
Contributions	1,002,018	-	-	1,078,864
Intergovernmental	-	-	-	2,351,429
Fees for services	-	-	328,963	3,682,594
Assessed taxes	-	-	-	96,327
Loan repayments	-	-	-	52,553
Investment income	-	26,521	39,760	334,812
Miscellaneous	-	-	-	10,215
Total revenues	<u>1,002,018</u>	<u>26,521</u>	<u>368,723</u>	<u>13,741,999</u>
EXPENDITURES				
Police	-	-	-	6,573,895
Fire	-	-	-	181,120
Libraries	-	-	-	83,861
Development	-	-	-	1,653,555
Public services and operations	-	-	-	961,689
Environmental waste services	-	-	-	877
Capital outlay	274,043	1,378,806	30,405	2,347,466
Interest and fiscal charges	-	10,121	-	10,121
Total expenditures	<u>274,043</u>	<u>1,388,927</u>	<u>30,405</u>	<u>11,812,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>727,975</u>	<u>(1,362,406)</u>	<u>338,318</u>	<u>1,929,415</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	1,274,071	-	1,274,071
Premium on sale of bonds	-	236,050	-	236,050
Capital receipt	-	-	-	650,000
Capital disposal	-	-	-	(650,000)
Transfers in	-	-	-	550,020
Transfers out	-	-	-	(8)
Total other financing sources	<u>-</u>	<u>1,510,121</u>	<u>-</u>	<u>2,060,133</u>
Net change in fund balances	<u>727,975</u>	<u>147,715</u>	<u>338,318</u>	<u>3,989,548</u>
Fund balances-beginning	<u>(441,228)</u>	<u>3,488,175</u>	<u>5,318,552</u>	<u>42,716,811</u>
Fund balances-ending	<u>\$ 286,747</u>	<u>\$ 3,635,890</u>	<u>\$ 5,656,870</u>	<u>\$ 46,706,359</u>





CITY OF PLANO, TEXAS
BUDGETARY COMPARISON SCHEDULE-GAAP BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 40,073,255	\$ 40,173,254	\$ 41,017,981	\$ 844,727
Investment income	120,000	200,000	315,273	115,273
Miscellaneous	151,516	151,516	151,516	-
Total revenues	40,344,771	40,524,770	41,484,770	960,000
EXPENDITURES:				
Principal retirement	27,730,000	28,540,000	28,540,000	-
Interest and fiscal charges	13,678,585	12,712,806	12,982,753	(269,947)
Total expenditures	41,408,585	41,252,806	41,522,753	(269,947)
Excess (deficiency) of revenues over (under) expenditures	(1,063,814)	(728,036)	(37,983)	690,053
OTHER FINANCING SOURCES (USES):				
Issuance of debt-refunding	-	-	33,585,000	33,585,000
Escrow payment-refunding	-	-	(39,339,873)	(39,339,873)
Premium from sale of bonds	-	-	6,016,819	6,016,819
Total other financing sources	-	-	261,946	261,946
Net change in fund balance	(1,063,814)	(728,036)	223,963	951,999
FUND BALANCE, October 1	3,701,797	3,701,797	3,701,797	-
FUND BALANCE, September 30	<u>\$ 2,637,983</u>	<u>\$ 2,973,761</u>	<u>\$ 3,925,760</u>	<u>\$ 951,999</u>



NONMAJOR ENTERPRISE FUNDS

Following are the nonmajor Enterprise Funds:

CONVENTION AND TOURISM FUND – to account for the convention and tourism activities of the City's Civic Center.

MUNICIPAL GOLF COURSE FUND – to account for operation of the City's golf course, including administration, operation and maintenance. All costs are financed through fees charged to patrons.

DOWNTOWN CENTER DEVELOPMENT FUND – to account for improvements and activities in support of the City's downtown area.

RECREATION REVOLVING FUND – to account for recreational programs and activities that are offered to groups and individuals on a fee basis. Fees are adjusted periodically to cover the cost of providing each program.

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AS OF SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds				
	Convention and Tourism	Municipal Golf Course	Downtown Center Development	Recreation Revolving	Total Nonmajor Enterprise Funds
ASSETS					
Cash and cash equivalents	\$ 1,046,640	\$ 14,855	\$ 116,616	\$ 375,757	\$ 1,553,868
Investments	3,856,816	54,977	431,605	1,388,494	5,731,892
Receivables:					
Accounts	825,936	15,273	16,920	-	858,129
Accrued interest	22,842	326	2,556	8,223	33,947
Other	17,915	-	-	667	18,582
Prepaid expenses and other assets	429,374	-	-	15,791	445,165
Capital assets:					
Land	2,359,859	595,296	36,999	-	2,992,154
Buildings	11,354,841	2,427,383	-	-	13,782,224
Improvements other than buildings	790,021	1,247,352	-	1,496,254	3,533,627
Equipment	1,313,620	40,278	-	29,144	1,383,042
Furniture and fixtures	202,031	14,915	-	69,874	286,820
Less accumulated depreciation	(12,994,811)	(3,374,402)	-	(105,162)	(16,474,375)
Total capital assets (net of accumulated depreciation)	3,025,561	950,822	36,999	1,490,110	5,503,492
Total assets	9,225,084	1,036,253	604,696	3,279,042	14,145,075
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	1,027,236	223,398	-	206,108	1,456,742
	1,027,236	223,398	-	206,108	1,456,742
LIABILITIES					
Current liabilities:					
Accounts payable	56,232	14,076	-	5,910	76,218
Accrued liabilities	170,668	13,668	-	29,068	213,404
Unearned revenue	138,594	-	-	547,104	685,698
Due to other funds	-	-	1,430	-	1,430
Customer deposits	-	-	-	193,158	193,158
Liability for compensated absences	44,041	-	-	-	44,041
Total current liabilities	409,535	27,744	1,430	775,240	1,213,949
Noncurrent liabilities:					
Net pension liability	1,725,796	368,620	-	333,304	2,427,720
Liability for compensated absences	372,885	94,107	-	130,871	597,863
Total noncurrent liabilities	2,098,681	462,727	-	464,175	3,025,583
Total liabilities	2,508,216	490,471	1,430	1,239,415	4,239,532
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	80,641	17,822	-	16,592	115,055
	80,641	17,822	-	16,592	115,055
NET POSITION					
Net investment in capital assets	3,025,561	950,822	36,999	1,490,110	5,503,492
Unrestricted	4,637,902	(199,464)	566,267	739,033	5,743,738
Total net position	\$ 7,663,463	\$ 751,358	\$ 603,266	\$ 2,229,143	\$ 11,247,230

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds				
	Convention and Tourism	Municipal Golf Course	Downtown Center Development	Recreation Revolving	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for sales and services:					
Service charges	\$ 2,394,541	\$ 881,469	\$ 73,206	\$ 3,668,983	\$ 7,018,199
Miscellaneous charges	26,000	-	-	64,633	90,633
Total operating revenues	2,420,541	881,469	73,206	3,733,616	7,108,832
Operating expenses:					
Personnel services	2,762,274	640,162	-	1,284,069	4,686,505
Pension expense (net)	106,438	23,621	-	22,061	152,120
Contractual services	4,358,400	215,630	13,973	1,702,305	6,290,308
Supplies	535,822	114,949	-	245,583	896,354
Depreciation	121,106	185,889	-	6,145	313,140
Miscellaneous	65,205	1,857	300	32,125	99,487
Total operating expenses	7,949,245	1,182,108	14,273	3,292,288	12,437,914
Operating income (loss)	(5,528,704)	(300,639)	58,933	441,328	(5,329,082)
Nonoperating revenues:					
Investment income	28,547	379	3,805	21,220	53,951
Hotel/motel tax	8,263,231	-	-	-	8,263,231
Miscellaneous	-	6,248	-	205	6,453
Total nonoperating revenue	8,291,778	6,627	3,805	21,425	8,323,635
Income (loss) before transfers	2,763,074	(294,012)	62,738	462,753	2,994,553
Transfers in	-	-	-	-	-
Transfers out	(1,587,214)	(48,567)	-	(175,301)	(1,811,082)
Change in net position	1,175,860	(342,579)	62,738	287,452	1,183,471
Total net position-beginning	6,487,603	1,093,937	540,528	1,941,691	10,063,759
Total net position-ending	\$ 7,663,463	\$ 751,358	\$ 603,266	\$ 2,229,143	\$ 11,247,230

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities Enterprise Funds				
	Convention and Tourism	Municipal Golf Course	Downtown Center Development	Recreation Revolving	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,254,607	\$ 872,532	\$ 73,806	\$ 3,592,503	\$ 6,793,448
Cash payments to suppliers for goods and services	(5,374,741)	(345,575)	(13,422)	(2,008,055)	(7,741,793)
Cash paid to or on behalf of employees for services	(2,684,483)	(613,551)	-	(1,272,835)	(4,570,869)
Net cash provided (used) by operating activities	(5,804,617)	(86,594)	60,384	311,613	(5,519,214)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Hotel/Motel tax	8,263,231	-	-	-	8,263,231
Transfers to other funds	(1,587,214)	(48,567)	-	(69,058)	(1,704,839)
Net cash provided (used) by noncapital financing activities	6,676,017	(48,567)	-	(69,058)	6,558,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	-	(1,496,255)	(1,496,255)
Proceeds from insurance damages	-	6,248	-	205	6,453
Net cash provided (used) in capital and related financing activities	-	6,248	-	(1,496,050)	(1,489,802)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(3,856,816)	(54,977)	(431,605)	(1,388,494)	(5,731,892)
Proceeds from sale and maturities of investment securities	3,148,225	155,457	380,708	2,350,771	6,035,161
Interest on investments	25,751	1,043	3,673	27,966	58,433
Net cash provided (used) in investing activities	(682,840)	101,523	(47,224)	990,243	361,702
Net increase (decrease) in cash and cash equivalents	188,560	(27,390)	13,160	(263,252)	(88,922)
Cash and cash equivalents, beginning of year	858,080	42,245	103,456	639,009	1,642,790
Cash and cash equivalents, end of year	<u>\$ 1,046,640</u>	<u>\$ 14,855</u>	<u>\$ 116,616</u>	<u>\$ 375,757</u>	<u>\$ 1,553,868</u>
Noncash disclosures:					
Decrease in fair value of investments	\$ (4,230)	\$ (285)	\$ (532)	\$ (4,000)	\$ (9,047)

(continued)

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(continued)

	Business-type Activities Enterprise Funds				Total Nonmajor Enterprise Funds
	Convention and Tourism	Municipal Golf Course	Downtown Center Development	Recreation Revolving	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (5,528,704)	\$ (300,639)	\$ 58,933	\$ 441,328	\$ (5,329,082)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	121,106	185,889	-	6,145	313,140
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(94,592)	(8,937)	600	2,905	(100,024)
Other receivable	42,455	-	-	(1,199)	41,256
Prepaid expenses and other assets	(386,084)	-	-	(3,658)	(389,742)
Pensions	106,438	23,621	-	22,061	152,120
Increase (decrease) in:					
Accounts payable	(71,685)	(13,139)	(579)	(23,861)	(109,264)
Accrued liabilities	68,854	2,036	-	8,777	79,667
Liability for compensated absences	8,937	24,575	-	2,457	35,969
Customer deposits	-	-	-	(110,436)	(110,436)
Due to other funds	-	-	1,430	-	1,430
Unearned revenue	(71,342)	-	-	(32,906)	(104,248)
Total adjustments	(275,913)	214,045	1,451	(129,715)	(190,132)
Net cash provided (used) by operating activities	\$ (5,804,617)	\$ (86,594)	\$ 60,384	\$ 311,613	\$ (5,519,214)



INTERNAL SERVICE FUNDS

Internal Service Funds accounts for the financing of goods or services provided by one department for another.

The City has five Internal Service Funds as follows:

EQUIPMENT MAINTENANCE FUND – to account for the cost of operating and maintaining automotive and other equipment used by City departments. Service charges are billed to departments on a monthly basis to cover all expenses of the fund, including depreciation of furniture and fixtures, machinery and equipment necessary to provide maintenance services and for replacement of the fleet.

MUNICIPAL WAREHOUSE FUND – to account for the operation of a central warehouse facility which provides the capability of storing and distributing in volume supplies and materials used by City departments. An overhead charge is applied to the purchase price of all materials handled to cover the operating costs, including the cost of goods sold.

TECHNOLOGY SERVICES FUND – to account for the data processing and information systems. Charges for software, hardware and maintenance of the systems are billed to the user funds.

RISK MANAGEMENT FUND – to account for the operation of a self-insurance program for general liability, public officials errors and omission, police professional liability, property loss and worker's compensation.

HEALTH CLAIMS FUND – to account for the self-insurance operation of group accident and health insurance coverage for all City employees. In addition to the basic insurance coverage provided, employees may purchase dependent coverage through payroll deductions. Coverage is financed by billings to the departments and through employee payroll deductions.

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2016

	Equipment Maintenance	Municipal Warehouse	Technology Services
ASSETS			
Cash and cash equivalents	\$ 5,436,564	\$ 19,345	\$ 2,716,057
Investments	20,121,262	71,412	10,052,397
Receivables:			
Accounts	-	13,770	-
Accrued interest	119,167	423	59,535
Inventories	35,826	1,058,923	-
Prepaid items	510	-	101,654
Capital assets:			
Land	51,515	-	11,007
Buildings	5,264,915	-	682,979
Equipment	16,362,269	-	21,569,558
Furniture and fixtures	217,595	9,413	55,625
Rolling equipment	52,967,839	-	-
Less accumulated depreciation	(46,036,192)	(9,413)	(12,240,748)
Total capital assets (net of accumulated depreciation)	28,827,941	-	10,078,421
Total assets	54,541,270	1,163,873	23,008,064
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	957,834	205,775	2,659,000
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	1,764,083	412,008	362,702
Accrued liabilities	52,311	12,027	165,691
Due to other funds	-	-	729
Compensated absences	24,290	486	68,892
Liability for insurance claims	-	-	-
Total current liabilities	1,840,684	424,521	598,014
NONCURRENT LIABILITIES:			
Net pension liability	1,559,449	334,351	4,285,684
Compensated absences	118,994	48,144	340,653
Liability for insurance claims	-	-	-
Total liabilities	3,519,127	807,016	5,224,351
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	76,701	16,592	216,443
	76,701	16,592	216,443
NET POSITION			
Net investment in capital assets	28,827,941	-	10,078,421
Unrestricted	23,075,335	546,040	10,147,849
Total net position	\$ 51,903,276	\$ 546,040	\$ 20,226,270

Risk Management	Health Claims	Total
\$ 1,590,460	\$ 4,960,300	\$ 14,722,726
5,886,450	18,358,561	54,490,082
-	-	13,770
34,862	108,727	322,714
-	-	1,094,749
5,448	325,806	433,418
-	-	62,522
-	-	5,947,894
427,686	-	38,359,513
811	-	283,444
-	-	52,967,839
(428,497)	-	(58,714,850)
-	-	38,906,362
7,517,220	23,753,394	109,983,821
227,809	-	4,050,418
114,201	32,491	2,685,485
24,176	-	254,205
9,806	-	10,535
457	-	94,125
3,131,145	2,437,658	5,568,803
3,279,785	2,470,149	8,613,153
371,789	-	6,551,273
45,257	-	553,048
328,977	-	328,977
4,025,808	2,470,149	16,046,451
18,375	-	328,111
18,375	-	328,111
-	-	38,906,362
3,700,846	21,283,245	58,753,315
\$ 3,700,846	\$ 21,283,245	\$ 97,659,677

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Equipment Maintenance	Municipal Warehouse	Technology Services
REVENUES:			
Charges for services	\$ 15,915,532	\$ 4,157,996	\$ 19,259,400
Subrogation receipts	-	-	-
Miscellaneous	2,553	4,489	-
Total operating revenues	<u>15,918,085</u>	<u>4,162,485</u>	<u>19,259,400</u>
EXPENSES:			
Personnel services	2,468,164	621,532	6,595,389
Pension expense (net)	101,777	22,061	287,252
Contractual services	1,411,622	47,785	9,351,908
Supplies	2,642,224	3,715,584	704,085
Claims expense	-	-	-
Depreciation	7,478,860	-	1,119,975
Miscellaneous	19,278	24,875	2,846
Total operating expenses	<u>14,121,925</u>	<u>4,431,837</u>	<u>18,061,455</u>
Operating income (loss)	<u>1,796,160</u>	<u>(269,352)</u>	<u>1,197,945</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	178,121	313	66,267
Gain on capital asset disposal	934,699	11,010	-
Intergovernmental revenues	-	-	159,520
Miscellaneous	29,551	-	12,634
Total nonoperating revenues	<u>1,142,371</u>	<u>11,323</u>	<u>238,421</u>
Income (loss) before transfers	<u>2,938,531</u>	<u>(258,029)</u>	<u>1,436,366</u>
Transfers in	<u>288,958</u>	<u>-</u>	<u>500,000</u>
Transfers out	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Change in net position	<u>3,227,489</u>	<u>(258,029)</u>	<u>1,686,366</u>
Total net position-beginning	<u>48,675,787</u>	<u>804,069</u>	<u>18,539,904</u>
Total net position-ending	<u>\$ 51,903,276</u>	<u>\$ 546,040</u>	<u>\$ 20,226,270</u>

Risk Management	Health Claims	Total
\$ 4,707,442	\$ 29,360,522	\$ 73,400,892
1,002,039	-	1,002,039
2,104	-	9,146
<u>5,711,585</u>	<u>29,360,522</u>	<u>74,412,077</u>
536,634	-	10,221,719
24,311	-	435,401
1,256,308	3,511,739	15,579,362
24,369	-	7,086,262
2,837,630	26,725,515	29,563,145
-	-	8,598,835
6,373	12,161	65,533
<u>4,685,625</u>	<u>30,249,415</u>	<u>71,550,257</u>
<u>1,025,960</u>	<u>(888,893)</u>	<u>2,861,820</u>
50,042	176,733	471,476
-	-	945,709
-	-	159,520
-	-	42,185
<u>50,042</u>	<u>176,733</u>	<u>1,618,890</u>
1,076,002	(712,160)	4,480,710
-	-	788,958
-	-	(250,000)
<u>1,076,002</u>	<u>(712,160)</u>	<u>5,019,668</u>
2,624,844	21,995,405	92,640,009
<u>\$ 3,700,846</u>	<u>\$ 21,283,245</u>	<u>\$ 97,659,677</u>

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Equipment Maintenance	Municipal Warehouse	Technology Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 15,918,235	\$ 4,164,862	\$ 19,260,129
Cash received from subrogation	-	-	-
Cash payments to suppliers for goods and services	(2,667,904)	(3,769,398)	(10,415,209)
Cash paid to or on behalf of employees for services	(2,493,207)	(607,073)	(6,667,090)
Net cash provided (used) by operating activities	<u>10,757,124</u>	<u>(211,609)</u>	<u>2,177,830</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	-	-	(250,000)
Transfers from other funds	288,958	-	500,000
Intergovernmental receipts	-	-	159,520
Net cash provided by noncapital financing activities	<u>288,958</u>	<u>-</u>	<u>409,520</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(11,072,682)	-	(470,387)
Proceeds on sale of equipment	987,713	11,010	-
Proceeds from insurance damages	29,551	-	12,634
Net cash provided (used) by capital and related financing activities	<u>(10,055,418)</u>	<u>11,010</u>	<u>(457,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(20,121,262)	(71,412)	(10,052,397)
Proceeds from sales and maturities of investment securities	19,175,320	228,005	8,318,617
Interest on investments	181,054	1,342	59,701
Net cash provided (used) by investing activities	<u>(764,888)</u>	<u>157,935</u>	<u>(1,674,079)</u>
Net increase (decrease) in cash and cash equivalents	225,776	(42,664)	455,518
Cash and cash equivalents, beginning of year	<u>5,210,788</u>	<u>62,009</u>	<u>2,260,539</u>
Cash and cash equivalents, end of year	<u>\$ 5,436,564</u>	<u>\$ 19,345</u>	<u>\$ 2,716,057</u>
Noncash disclosure:			
Decrease in fair value of investments	\$ (27,668)	\$ (424)	\$ (11,256)

Risk Management	Health Claims	Total
\$ 4,862,369	\$ 29,360,522	\$ 73,566,117
1,002,039	-	1,002,039
(4,191,799)	(29,919,725)	(50,964,035)
(790,023)	-	(10,557,393)
<u>882,586</u>	<u>(559,203)</u>	<u>13,046,728</u>
-	-	(250,000)
-	-	788,958
-	-	159,520
<u>-</u>	<u>-</u>	<u>698,478</u>
-	-	(11,543,069)
-	-	998,723
-	-	42,185
<u>-</u>	<u>-</u>	<u>(10,502,161)</u>
(5,886,450)	(18,358,561)	(54,490,082)
5,147,549	18,629,085	51,498,576
47,957	186,628	476,682
<u>(690,944)</u>	<u>457,152</u>	<u>(2,514,824)</u>
191,642	(102,051)	728,221
1,398,818	5,062,351	13,994,505
<u>\$ 1,590,460</u>	<u>\$ 4,960,300</u>	<u>\$ 14,722,726</u>
\$ (7,154)	\$ (27,551)	\$ (74,053)

(continued)

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(continued)

	<u>Equipment Maintenance</u>	<u>Municipal Warehouse</u>	<u>Technology Services</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	<u>\$ 1,796,160</u>	<u>\$ (269,352)</u>	<u>\$ 1,197,945</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,478,860	-	1,119,975
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	-	2,377	-
Other receivable	150	-	-
Prepaid items	1,665	-	(77,049)
Inventories	20,689	(212,302)	-
Pensions	101,777	22,061	287,252
Increase (decrease) in:			
Accounts payable	1,382,866	231,148	(279,321)
Accrued liabilities	1,929	1,369	37,830
Due to other funds	-	-	729
Compensated absences	(26,972)	13,090	(109,531)
Liability for insurance claims	-	-	-
Total adjustments	<u>8,960,964</u>	<u>57,743</u>	<u>979,885</u>
Net cash provided (used) by operating activities	<u><u>\$ 10,757,124</u></u>	<u><u>\$ (211,609)</u></u>	<u><u>\$ 2,177,830</u></u>

<u>Risk Management</u>	<u>Health Claims</u>	<u>Total</u>
<u>\$ 1,025,960</u>	<u>\$ (888,893)</u>	<u>\$ 2,861,820</u>
-	-	8,598,835
143,017	-	145,394
-	-	150
(1,518)	(21,427)	(98,329)
-	-	(191,613)
24,311	-	435,401
61,785	13,006	1,409,484
240	-	41,368
9,806	-	10,535
(253,629)	-	(377,042)
(127,386)	338,111	210,725
<u>(143,374)</u>	<u>329,690</u>	<u>10,184,908</u>
<u><u>\$ 882,586</u></u>	<u><u>\$ (559,203)</u></u>	<u><u>\$ 13,046,728</u></u>



AGENCY FUNDS

DEVELOPERS' ESCROW FUND – to account for escrow received from developers. The escrow will be used for construction of improvements to be made by the City.

UNCLAIMED PROPERTY FUND – to account for assets under \$100, which have been issued by the City but remain unclaimed. Disposition is made upon claim by rightful owners or escheatment to the State of Texas.

**CITY OF PLANO, TEXAS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF SEPTEMBER 30, 2016**

	Agency Funds		
	Developers' Escrow	Unclaimed Property	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 574,560	\$ 25,127	\$ 599,687
Investment pool	2,126,503	92,999	2,219,502
Accrued interest	12,594	551	13,145
Total Assets	2,713,657	118,677	2,832,334
LIABILITIES			
Developers' escrow liability	2,713,657	-	2,713,657
Unclaimed property payable	-	118,677	118,677
Total Liabilities	\$ 2,713,657	\$ 118,677	\$ 2,832,334

CITY OF PLANO, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
Developers' Escrow				
ASSETS:				
Cash and cash equivalents	\$ 1,460,076	\$ -	\$ 885,516	\$ 574,560
Investments	5,372,973	-	3,246,470	2,126,503
Accrued interest receivable	34,213	-	21,619	12,594
Total Assets	<u>\$ 6,867,262</u>	<u>\$ -</u>	<u>\$ 4,153,605</u>	<u>\$ 2,713,657</u>
LIABILITIES:				
Developers' escrow liability	<u>\$ 6,867,262</u>	<u>\$ -</u>	<u>\$ 4,153,605</u>	<u>\$ 2,713,657</u>
	<u>\$ 6,867,262</u>	<u>\$ -</u>	<u>\$ 4,153,605</u>	<u>\$ 2,713,657</u>
Unclaimed Property				
ASSETS:				
Cash and cash equivalents	\$ 18,849	\$ 6,278	\$ -	\$ 25,127
Investments	69,361	23,638	-	92,999
Accrued interest receivable	442	109	-	551
Total Assets	<u>\$ 88,652</u>	<u>\$ 30,025</u>	<u>\$ -</u>	<u>\$ 118,677</u>
LIABILITIES:				
Unclaimed property payable	<u>\$ 88,652</u>	<u>\$ 30,025</u>	<u>\$ -</u>	<u>\$ 118,677</u>
Total Agency Funds				
ASSETS:				
Cash and cash equivalents	\$ 1,478,925	\$ 6,278	\$ 885,516	\$ 599,687
Investments	5,442,334	23,638	3,246,470	2,219,502
Accrued interest receivable	34,655	109	21,619	13,145
Total Assets	<u>\$ 6,955,914</u>	<u>\$ 30,025</u>	<u>\$ 4,153,605</u>	<u>\$ 2,832,334</u>
LIABILITIES:				
Developers' escrow liability	\$ 6,867,262	\$ -	\$ 4,153,605	\$ 2,713,657
Unclaimed property payable	88,652	-	-	118,677
Total Assets	<u>\$ 6,955,914</u>	<u>\$ -</u>	<u>\$ 4,153,605</u>	<u>\$ 2,832,334</u>



COMPONENT UNIT

TIF EAST SIDE – organized to account for a tax increment financing unit for improvements related to the future development of East Plano.

**CITY OF PLANO, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
AS OF SEPTEMBER 30, 2016**

	TIF East Side
ASSETS	
Current:	
Cash and cash equivalents	\$ 2,539,581
Investments	9,454,908
Noncurrent:	
Capital assets, net	1,579,168
Total assets	<u>13,573,657</u>
LIABILITIES	
Current:	
Accounts payable	400
Total liabilities	<u>400</u>
NET POSITION	
Net investment in capital assets	1,579,168
Restricted	11,994,089
Total net position	<u>\$ 13,573,257</u>

CITY OF PLANO, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	TIF East Side
REVENUES	
Charges for services	\$ 3,000
Total revenues	<u>3,000</u>
EXPENSES	
Contractual services	<u>2,947,017</u>
Total operating expenses	<u>2,947,017</u>
Operating loss	(2,944,017)
NONOPERATING REVENUES	
Property taxes	<u>3,996,240</u>
Total nonoperating revenues	<u>3,996,240</u>
NET INCOME	<u>1,052,223</u>
Change in net position	1,052,223
Total net position-beginning	12,521,034
Total net position-ending	<u><u>\$ 13,573,257</u></u>

**CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	TIF East Side
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 3,000
Cash payments to suppliers for goods and services	<u>(2,963,317)</u>
Net cash used by operating activities	<u>(2,960,317)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	<u>3,996,240</u>
Net cash provided by noncapital financing activities	<u>3,996,240</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	<u>1,342,264</u>
Net cash provided by operating and related financing activities	<u>1,342,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities	(9,454,908)
Proceeds from sales and maturities of investment securities	7,571,742
Interest on investments	<u>-</u>
Net cash used by investing activities	<u>(1,883,166)</u>
Net increase in cash and cash equivalents	495,021
Cash and cash equivalents, beginning of year	<u>2,044,560</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,539,581</u></u>

CITY OF PLANO, TEXAS
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(continued)

	<u>TIF East Side</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	<u>\$ (2,944,017)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities-	
Decrease in:	
Accounts payable	<u>(16,300)</u>
Total adjustments	<u>(16,300)</u>
Net cash used by operating activities	<u><u>\$ (2,960,317)</u></u>



STATISTICAL SECTION
(unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	113-118
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	119-122
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	123-128
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	129-130
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	131-135

CITY OF PLANO, TEXAS
NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Table 1

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 749,829,714	\$ 716,648,113	\$ 695,615,093	\$ 672,747,769	\$ 663,420,473	\$ 665,695,098	\$ 663,597,387	\$ 728,662,561	\$ 700,704,326	\$ 680,315,170
Restricted	68,249,570	47,465,237	32,097,048	51,536,304	50,707,627	46,410,136	1,182,560	3,270,626	5,473,218	4,647,374
Unrestricted	167,247,133	179,758,472	215,051,526	194,617,363	185,546,080	162,537,262	165,352,118	72,524,094	78,416,391	78,312,580
Total governmental activities net position	<u>985,326,417</u>	<u>943,871,822</u>	<u>942,763,667</u>	<u>918,901,436</u>	<u>899,674,180</u>	<u>874,642,496</u>	<u>830,132,065</u>	<u>804,457,281</u>	<u>784,593,935</u>	<u>763,275,124</u>
Business-type activities:										
Net investment in capital assets	374,462,834	370,220,021	360,960,813	362,997,446	363,340,513	362,757,006	367,024,467	383,531,217	376,593,433	370,233,734
Restricted	3,298,965	2,377,534	2,242,278	2,375,886	2,671,383	2,514,172	2,639,954	3,911,737	6,588,596	4,735,897
Unrestricted	88,495,857	88,328,906	89,364,337	88,538,490	78,609,397	81,237,936	57,584,753	25,620,288	25,092,659	19,637,859
Total business-type activities net position	<u>466,257,656</u>	<u>460,926,461</u>	<u>452,567,428</u>	<u>453,911,822</u>	<u>444,621,293</u>	<u>446,509,114</u>	<u>427,249,174</u>	<u>413,063,242</u>	<u>408,274,688</u>	<u>394,607,490</u>
Primary government:										
Net investment in capital assets	1,124,292,548	1,086,868,134	1,056,575,906	1,035,745,215	1,026,760,986	1,028,452,104	1,030,621,854	1,112,193,778	1,077,297,759	1,050,548,904
Restricted	71,548,535	49,842,771	34,339,326	53,912,190	53,379,010	48,924,308	3,822,514	7,182,363	12,061,814	9,383,271
Unrestricted	255,742,990	268,087,378	304,415,863	283,155,853	264,155,477	243,775,198	222,936,871	98,144,382	103,509,050	97,950,439
Total primary government net position	<u>\$ 1,451,584,073</u>	<u>\$ 1,404,798,283</u>	<u>\$ 1,395,331,095</u>	<u>\$ 1,372,813,258</u>	<u>\$ 1,344,295,473</u>	<u>\$ 1,321,151,610</u>	<u>\$ 1,257,381,239</u>	<u>\$ 1,217,520,523</u>	<u>\$ 1,192,868,623</u>	<u>\$ 1,157,882,614</u>

Source: Comprehensive Annual Financial Report

CITY OF PLANO, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

Table 2

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	\$ 27,017,457	\$ 27,636,869	\$ 22,837,719	\$ 22,902,283	\$ 23,945,434	\$ 17,854,055	\$ 18,468,819	\$ 14,360,212	\$ 9,052,498	\$ 12,820,474
Administrative services	10,635,244	9,555,715	9,004,302	8,715,712	7,925,435	7,595,755	7,799,815	8,294,111	8,423,416	7,814,137
Police	80,837,474	74,607,299	73,546,241	70,839,690	68,056,743	66,433,966	66,061,326	65,225,173	68,433,179	60,136,573
Fire	56,724,482	51,268,423	50,822,815	48,085,904	45,660,603	44,652,064	43,654,787	44,279,959	44,201,284	39,368,057
Libraries	12,107,913	10,646,832	11,152,367	10,268,273	9,765,576	10,136,834	10,295,418	11,104,945	11,765,263	10,560,624
Development	36,859,600	33,116,211	35,304,179	28,041,761	24,286,697	24,693,554	18,945,171	19,929,365	20,447,190	19,508,839
Public services and operations	7,638,382	6,575,756	7,350,378	6,372,030	5,469,346	5,602,338	5,662,869	5,645,771	5,402,333	5,213,097
Parks and recreation	32,462,901	30,933,825	32,444,929	28,605,874	26,999,247	25,773,639	27,219,522	26,170,315	26,134,622	22,645,606
Public works	32,287,926	30,531,725	29,653,914	31,256,009	32,261,282	30,868,916	34,002,485	28,025,006	27,944,393	26,677,227
Technology services	18,524,241	18,193,965	17,035,972	15,485,073	14,144,322	14,738,189	13,806,148	14,008,840	13,686,048	12,951,258
Other	-	-	-	-	-	-	1,963,496	5,480,962	7,401,221	6,577,443
Interest on Long-Term Debt	10,309,486	8,887,609	11,454,975	16,606,292	13,546,098	13,821,383	14,089,411	14,640,081	14,625,019	12,503,580
Unallocated depreciation	-	-	-	-	-	-	111,959	96,934	102,199	100,907
Total governmental activities expenses	325,405,106	301,954,229	300,607,791	287,178,901	272,060,783	262,170,693	262,081,226	257,261,674	257,618,665	236,877,822
Business-type activities:										
Water and sewer	133,481,605	117,747,963	113,527,471	108,229,423	108,565,144	101,645,618	97,546,366	96,352,987	83,264,179	78,413,719
Environmental waste services	25,354,273	22,043,523	22,664,437	22,343,541	23,342,162	23,431,488	21,163,351	21,354,795	21,863,854	19,298,289
Municipal drainage	4,933,219	4,613,572	4,576,230	4,475,248	4,223,993	3,952,974	4,051,080	3,843,011	3,530,079	3,429,488
Convention and tourism	7,402,651	9,093,255	6,547,215	6,287,787	6,098,248	5,889,739	6,393,145	7,331,173	7,311,505	6,416,054
Municipal golf course	1,198,346	1,789,341	1,017,816	1,021,602	965,133	231,640	718,046	870,436	1,000,257	885,158
Property management	-	-	-	-	-	-	59,678	32,053	39,291	78,759
Recreation revolving	3,295,974	3,349,987	3,215,117	3,326,229	3,226,272	3,176,716	3,216,311	3,191,594	3,096,166	2,642,687
Downtown center development	14,273	11,726	28,931	9,893	9,327	55,683	47,918	47,917	46,176	46,784
Total business-type activities expenses	175,680,341	158,649,367	151,577,217	145,693,723	146,430,279	138,383,858	133,195,895	133,023,966	120,151,507	111,210,938
Total primary government expenses	\$ 501,085,447	\$ 460,603,596	\$ 452,185,008	\$ 432,872,624	\$ 418,491,062	\$ 400,554,551	\$ 395,277,121	\$ 390,285,640	\$ 377,770,172	\$ 348,088,760
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,691,140	\$ 6,551,280	\$ 6,152,383	\$ 5,913,645	\$ 5,561,420	\$ 4,739,503	\$ 1,394,826	\$ 994,964	\$ 1,634,183	\$ 1,009,164
Administrative services	3,928	21,428	5,296	11,515	8,200	-	-	-	-	-
Police	17,981,734	17,361,393	16,615,952	16,518,724	16,242,970	15,458,080	15,429,740	15,344,518	12,939,924	12,413,238
Fire	5,798,677	5,496,159	4,898,085	4,549,906	4,461,129	3,630,026	3,882,667	4,161,383	3,801,412	3,446,175
Libraries	245,954	339,198	432,864	467,501	449,743	473,956	500,514	545,755	453,572	496,697
Development	12,573,047	10,206,808	6,492,386	6,129,225	5,274,987	4,833,730	3,990,274	3,175,176	4,686,571	5,124,766
Public services and operations	1,534,663	1,494,484	1,448,584	1,473,792	1,431,446	1,319,479	1,333,016	1,277,357	1,150,449	1,016,193
Parks and recreation	5,049,382	4,668,090	4,423,381	4,534,559	4,528,827	4,179,352	4,058,923	3,952,244	3,685,465	2,357,306
Public works	18,829	39,452	48,710	112,267	175,256	194,348	247,408	40,592	104,028	84,217
Technology services	3,862,930	3,297,065	3,044,377	2,930,541	2,796,312	2,626,768	2,870,243	2,882,354	2,590,036	2,459,419
Operating grants and contributions	13,846,703	18,586,476	15,264,041	14,058,293	10,244,037	5,624,013	6,858,965	7,430,737	4,773,881	4,592,308
Capital grants and contributions	16,642,121	19,043,456	11,542,543	8,576,392	5,158,140	13,736,398	20,765,810	10,939,098	9,654,400	13,499,864
Total governmental activities program revenues	84,249,108	87,105,289	70,368,602	65,276,360	56,332,467	56,815,653	61,332,386	50,744,178	45,473,921	46,499,347

**CITY OF PLANO, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)**

**Table 2
(continued)**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Water and sewer	\$ 140,654,894	\$ 132,067,317	\$ 114,554,767	\$ 121,115,371	\$ 114,415,670	\$ 128,109,639	\$ 116,516,442	\$ 108,076,125	\$ 100,049,904	\$ 83,598,039
Environmental waste services	16,288,331	16,168,862	16,147,526	16,403,721	16,096,610	16,368,530	15,616,880	15,101,758	14,772,782	14,196,523
Municipal drainage	7,318,823	7,163,876	7,400,810	6,292,462	5,208,675	5,228,986	5,161,087	5,050,406	4,995,106	4,986,648
Convention and tourism	2,420,541	2,214,354	1,727,103	1,759,911	1,812,576	1,822,231	2,180,520	2,439,129	2,693,882	2,589,358
Municipal golf course	887,717	954,645	965,465	994,125	933,533	65,906	600,919	792,753	846,096	823,353
Property management	-	-	-	-	-	9,967	7,594	42,309	72,567	81,587
Recreation revolving	3,733,821	3,635,336	3,773,493	3,820,358	3,870,482	3,347,434	3,545,142	3,325,754	3,080,725	2,765,100
Downtown center development	73,206	147,789	93,896	67,928	67,828	68,128	68,128	68,127	68,127	68,127
Operating grants and contributions	1,041	60,980	-	358,588	1,070,468	1,568,388	60,194	339,804	60,609	289,052
Capital grants and contributions	4,451,393	5,548,273	3,463,123	4,254,902	2,078,980	1,377,582	3,721,845	5,128,295	7,354,169	7,991,489
Total business-type activities program revenues	175,829,767	167,961,432	148,126,183	155,067,366	145,554,822	157,966,791	147,478,751	140,364,460	133,993,967	117,389,276
Total primary government program revenues	\$ 260,078,875	\$ 255,066,721	\$ 218,494,785	\$ 220,343,726	\$ 201,887,289	\$ 214,782,444	\$ 208,811,137	\$ 191,108,638	\$ 179,467,888	\$ 163,888,623
Net (expense) revenue										
Governmental activities	(241,155,998)	(214,848,940)	(230,239,189)	(221,902,541)	(215,728,316)	(205,355,040)	(200,748,840)	(206,517,496)	(212,144,744)	(190,378,475)
Business-type activities	149,426	9,312,065	(3,451,034)	9,373,643	(875,457)	19,582,933	14,282,856	7,340,494	13,842,460	6,178,338
Total primary government net (expense)	\$ (241,006,572)	\$ (205,536,875)	\$ (233,690,223)	\$ (212,528,898)	\$ (216,603,773)	\$ (185,772,107)	\$ (186,465,984)	\$ (199,177,002)	\$ (198,302,284)	\$ (184,200,137)
General revenues and transfers										
Governmental activities:										
Property taxes	\$ 163,619,692	\$ 150,960,855	\$ 140,180,751	\$ 133,922,409	\$ 130,761,336	\$ 128,274,660	\$ 129,741,125	\$ 127,265,332	\$ 123,054,998	\$ 114,157,316
Sales taxes	76,948,348	76,326,156	74,468,963	68,831,243	70,355,058	62,441,697	58,652,787	56,064,538	62,122,119	61,573,210
Mixed drink taxes	1,930,054	1,761,817	1,659,703	1,277,913	1,061,390	1,140,818	1,103,815	997,051	1,003,932	983,663
Other taxes	145,579	131,642	164,195	398,357	167,773	206,389	77,968	118,580	360,115	225,445
Franchise fees	24,665,352	25,341,454	24,332,547	23,283,089	22,668,521	23,220,388	22,361,082	23,995,388	23,022,217	22,463,447
Investment income	3,180,298	3,096,190	1,396,949	973,519	2,926,435	4,756,044	3,473,366	4,632,949	10,683,028	13,985,970
Transfers	12,121,270	10,491,502	11,898,312	12,443,267	12,819,487	29,825,475	11,013,481	13,307,004	13,217,146	12,604,397
Total governmental activities	282,610,593	268,109,616	254,101,420	241,129,797	240,760,000	249,865,471	226,423,624	226,380,842	233,463,555	225,993,448
Business-type activities:										
Hotel/Motel tax	8,263,231	7,342,639	5,984,727	5,095,504	4,669,257	4,722,431	4,098,810	3,951,890	4,909,061	4,741,492
Franchise fees	8,499,964	7,957,587	7,570,258	7,068,059	6,498,108	6,761,347	6,286,201	6,198,973	6,721,464	6,259,512
Investment income	539,844	544,194	449,967	196,590	639,758	795,789	531,546	604,201	1,411,359	1,803,285
Transfers	(12,121,270)	(10,491,502)	(11,898,312)	(12,443,267)	(12,819,487)	(12,602,560)	(11,013,481)	(13,307,004)	(13,217,146)	(12,604,397)
Total business-type activities	5,181,769	5,352,918	2,106,640	(83,114)	(1,012,364)	(322,993)	(96,924)	(2,551,940)	(175,262)	199,892
Total primary government	\$ 287,792,362	\$ 273,462,534	\$ 256,208,060	\$ 241,046,683	\$ 239,747,636	\$ 249,542,478	\$ 226,326,700	\$ 223,828,902	\$ 233,288,293	\$ 226,193,340
Change in net position										
Governmental activities	\$ 41,454,595	\$ 53,260,676	\$ 23,862,231	\$ 19,227,256	\$ 25,031,684	\$ 44,510,431	\$ 25,674,784	\$ 19,863,346	\$ 21,318,811	\$ 35,614,973
Business-type activities	5,331,195	14,664,983	(1,344,394)	9,290,529	(1,887,821)	19,259,940	14,185,932	4,788,554	13,667,198	6,378,230
Total primary government	\$ 46,785,790	\$ 67,925,659	\$ 22,517,837	\$ 28,517,785	\$ 23,143,863	\$ 63,770,371	\$ 39,860,716	\$ 24,651,900	\$ 34,986,009	\$ 41,993,203

Source: Comprehensive Annual Financial Report

CITY OF PLANO, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

Table 3

	Fiscal year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 455,431	\$ 506,576	\$ 793,454	\$ 152,616	\$ 189,920	\$ 176,588	\$ 2,321,839	\$ 6,976,517	\$ 6,678,087	\$ 7,015,867
Assigned	7,482,574	5,308,518	4,617,229	3,467,826	2,579,810	3,110,127	4,604,162	4,055,302	2,683,725	1,566,433
Unassigned	46,251,968	45,788,922	45,914,135	52,689,982	50,197,033	41,547,010	34,474,576	31,712,311	35,379,734	37,101,360
Total general fund	<u>\$ 54,189,973</u>	<u>\$ 51,604,016</u>	<u>\$ 51,324,818</u>	<u>\$ 56,310,424</u>	<u>\$ 52,966,763</u>	<u>\$ 44,833,725</u>	<u>\$ 41,400,577</u>	<u>\$ 42,744,130</u>	<u>\$ 44,741,546</u>	<u>\$ 45,683,660</u>
All Other Governmental Funds										
Nonspendable	\$ 350,071	\$ 200,110	\$ 64,510	\$ 22,830	\$ 905	\$ 4,405	\$ -	\$ 2,680	\$ 6,195	\$ 2,702
Restricted	110,520,152	83,521,364	87,225,859	94,919,165	93,888,376	80,004,218	61,975,246	85,435,605	74,471,250	56,380,230
Committed	45,745,697	41,176,158	34,066,858	26,320,350	20,280,369	16,052,538	-	-	-	-
Assigned	79,391,186	96,276,903	86,964,225	69,940,931	63,918,355	59,782,814	71,516,720	61,199,709	76,924,976	61,357,467
Unassigned	-	(441,228)	-	-	-	-	(374,071)	-	-	-
Total all other governmental funds	<u>\$ 236,007,106</u>	<u>\$ 220,733,307</u>	<u>\$ 208,321,452</u>	<u>\$ 191,203,276</u>	<u>\$ 178,088,005</u>	<u>\$ 155,843,975</u>	<u>\$ 133,117,895</u>	<u>\$ 146,637,994</u>	<u>\$ 151,402,421</u>	<u>\$ 117,740,399</u>

Source: Comprehensive Annual Financial Report

CITY OF PLANO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

Table 4

	Fiscal year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Taxes:										
Property taxes	\$ 152,476,517	\$ 139,784,392	\$ 130,387,583	\$ 124,453,986	\$ 121,496,666	\$ 117,691,853	\$ 121,312,517	\$ 119,568,563	\$ 114,494,640	\$ 107,059,153
Other taxes	78,390,614	78,708,945	75,793,144	70,185,140	71,089,176	63,851,345	59,176,584	57,577,341	63,266,376	63,425,218
Franchise fees	23,795,403	24,452,648	23,469,220	22,455,605	21,895,025	22,770,634	21,886,667	23,586,443	22,628,847	22,039,441
Fines and forfeitures	13,228,933	17,004,610	12,381,098	11,584,047	12,111,722	10,949,125	10,912,913	10,982,616	9,167,406	9,822,913
Contributions	16,065,928	14,451,847	14,386,075	7,912,545	7,195,450	7,161,721	10,691,912	5,206,878	3,845,932	306,924
Rollback taxes	2,080,324	1,705,253	593,756	704,467	896,012	172,594	63,296	263,577	1,134,487	1,172,609
Licenses and permits	13,864,396	11,521,327	8,464,559	8,514,993	6,976,693	6,619,204	5,763,535	4,786,291	5,235,695	5,524,955
Intragovernmental	9,845,021	9,073,068	8,839,577	9,246,857	8,354,150	8,879,036	8,211,958	7,739,588	7,276,212	6,399,935
Intergovernmental	8,600,986	8,762,083	6,861,157	8,378,604	5,695,397	12,269,550	7,236,142	7,118,445	3,432,643	3,915,812
Fees for services	17,476,570	17,235,709	16,093,966	15,626,146	15,654,770	13,535,139	13,769,089	13,808,677	13,488,581	10,476,645
Assessments	-	4,555	-	13,512	56,776	157,805	88,375	10,094	25,465	99,741
Assessed taxes	96,327	-	-	-	-	-	-	-	-	-
Loan repayments	52,553	-	-	-	-	-	-	-	-	-
Investment income	2,708,822	2,566,239	539,548	803,395	2,323,962	3,932,542	2,884,604	3,988,091	8,420,799	10,779,409
Proceeds from sale of capital assets	-	-	-	-	-	-	-	2,456,619	-	-
Miscellaneous	2,088,223	2,688,796	2,409,120	2,715,685	1,574,428	1,292,782	1,398,742	-	1,909,910	1,407,342
Total revenues	\$ 340,770,617	\$ 327,959,472	\$ 300,218,803	\$ 282,594,982	\$ 275,320,227	\$ 269,283,330	\$ 263,396,334	\$ 257,093,223	\$ 254,326,993	\$ 242,430,097
Expenditures:										
Current:										
General government	\$ 28,719,550	\$ 28,745,531	\$ 23,153,000	\$ 22,100,556	\$ 23,684,196	\$ 21,355,266	\$ 392,129	\$ 613,652	\$ 878,675	\$ 1,255,206
Administrative services	10,137,693	9,671,352	9,075,852	8,429,725	7,998,091	7,978,998	7,901,744	8,239,334	8,208,019	7,916,611
Police	77,750,758	76,345,150	72,624,201	69,419,105	66,547,202	65,618,061	65,289,730	63,987,283	61,831,212	59,114,102
Fire	53,993,731	51,601,545	48,671,045	45,723,609	44,454,375	43,239,799	42,984,135	43,080,441	41,361,437	39,096,906
Libraries	10,910,966	9,894,090	9,807,337	9,163,013	9,146,500	9,392,127	9,926,819	10,314,568	10,467,040	10,139,905
Development	35,279,126	33,168,506	35,721,485	27,163,001	24,417,148	24,830,560	19,694,309	19,924,444	19,635,957	19,644,186
Public services and operations	7,323,817	6,603,174	7,293,539	6,204,948	5,515,414	5,653,648	5,634,193	5,757,144	5,377,281	5,403,953
Parks and recreation	23,043,731	21,730,109	20,362,792	19,376,076	18,729,207	18,792,674	19,909,716	21,407,832	20,681,818	18,785,397
Environmental waste services	877	51,856	-	664,613	875,569	1,284,956	88,202	300,339	53,576	258,275
Public works	6,328,770	5,945,885	5,817,124	5,931,011	5,327,481	5,538,454	5,592,600	5,840,246	5,820,027	5,764,590
Technology services	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-
Other	-	-	-	-	-	-	27,809,863	27,609,726	27,266,420	26,335,719
Capital outlay	79,143,347	79,259,135	44,164,938	45,403,651	33,542,010	47,374,962	64,827,368	60,362,017	54,679,984	68,000,143
Interest and fiscal charges	267,002	273,480	100,335	175,051	105,385	-	-	-	-	-
Debt service:										
Principal retirement	28,540,000	29,430,000	28,135,000	30,335,000	28,990,000	28,405,000	27,650,000	25,645,000	23,510,000	21,020,000
Interest and fiscal charges	12,982,753	12,398,406	13,015,703	13,902,230	14,219,545	14,128,251	14,553,158	15,037,063	14,598,200	12,837,888
Total expenditures	\$ 375,422,121	\$ 366,118,219	\$ 318,942,351	\$ 304,991,589	\$ 284,552,123	\$ 294,592,756	\$ 312,253,966	\$ 308,119,089	\$ 294,369,646	\$ 295,572,881
Deficiency of revenues over expenditures	\$ (34,651,504)	\$ (38,158,747)	\$ (18,723,548)	\$ (22,396,607)	\$ (9,231,896)	\$ (25,309,426)	\$ (48,857,632)	\$ (51,025,866)	\$ (40,042,653)	\$ (53,142,784)

CITY OF PLANO, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

Table 4
(continued)

	Fiscal year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other financing sources:										
Proceeds from sale of bonds	\$ 33,610,000	\$ 30,130,000	\$ 20,680,000	\$ 22,175,000	\$ 25,860,000	\$ 21,400,000	\$ 22,615,000	\$ 29,315,000	\$ 58,370,000	\$ 46,675,000
Bond proceeds-refunding	33,585,000	51,300,000	8,645,000	39,750,000	20,540,000	-	16,633,613	12,370,000	-	-
Premium on sale of bonds	12,243,821	10,503,390	952,750	11,439,780	3,820,972	114,918	444,228	250,350	925,415	1,162,822
Discount on sale of bonds	-	-	-	-	(253,786)	-	-	-	-	-
Escrow payment-refunding	(39,339,873)	(57,298,532)	(11,373,354)	(48,059,266)	(22,783,832)	-	(16,777,204)	(12,428,331)	-	-
Capital receipt of land	650,000	-	-	-	-	-	-	-	-	-
Capital disposal of land	(650,000)	-	-	-	-	-	-	-	-	-
Sale of land	830,000	456,000	-	144,020	-	-	426,129	-	-	-
Disbursements from component unit	-	-	-	-	-	1,793,418	-	-	-	-
Transfer of assets from Plano Economic Development Board	-	-	-	-	-	16,052,538	-	-	-	-
Operating transfers in	36,271,298	38,735,713	33,629,949	26,993,051	23,893,031	24,366,126	21,898,253	25,390,773	24,276,733	23,414,508
Operating transfers out	(24,688,986)	(22,976,771)	(21,678,227)	(13,587,046)	(11,467,421)	(11,762,012)	(11,246,039)	(10,633,769)	(10,809,587)	(13,242,861)
Total other financing sources	\$ 52,511,260	\$ 50,849,800	\$ 30,856,118	\$ 38,855,539	\$ 39,608,964	\$ 51,964,988	\$ 33,993,980	\$ 44,264,023	\$ 72,762,561	\$ 58,009,469
Net change in fund balances	\$ 17,859,756	\$ 12,691,053	\$ 12,132,570	\$ 16,458,932	\$ 30,377,068	\$ 26,655,562	\$ (14,863,652)	\$ (6,761,843)	\$ 32,719,908	\$ 4,866,685
 Debt service as a percentage of noncapital expenditures	 14.0%	 14.6%	 15.0%	 17.1%	 17.2%	 17.2%	 17.1%	 16.4%	 15.9%	 14.9%

**CITY OF PLANO, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF
 TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (unaudited)**

Table 5

Fiscal Year	Estimated Market Value			Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
2007	17,812,371,500	7,138,331,140	2,375,828,520	4,497,389,848	22,829,141,312	0.4735
2008	18,954,823,683	7,727,575,850	2,462,948,501	4,633,847,568	24,511,500,466	0.4735
2009	20,436,560,005	8,494,498,706	2,836,955,143	5,982,698,546	25,785,315,308	0.4735
2010	20,331,824,829	8,516,248,849	2,669,986,601	6,010,842,123	25,507,218,156	0.4886
2011	20,081,379,973	7,798,953,065	2,648,600,517	5,848,034,850	24,680,898,705	0.4886
2012	20,038,395,317	8,054,393,555	2,740,588,934	5,819,334,127	25,014,043,679	0.4886
2013	20,614,106,560	8,261,636,814	2,793,315,064	6,021,553,525	25,647,504,913	0.4886
2014	21,311,000,073	8,823,285,904	2,991,385,705	6,200,498,251	26,925,173,431	0.4886
2015	23,162,425,188	9,484,172,986	3,226,199,045	7,039,911,544	28,832,885,675	0.4886
2016	25,513,643,395	10,228,975,248	3,332,540,330	7,795,148,020	31,280,010,953	0.4886

Source: City of Plano Budget Department and Collin County Central Appraisal District based on original tax roll.

Note: Real, Personal and Tax-Exempt breakout of Net Adjustments provided by Kenneth L. Maun, Tax Assessor/Collector, is unavailable.

**CITY OF PLANO, TEXAS
PROPERTY TAX RATES/ASSESSMENT RATIOS -
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(unaudited)**

Table 6

Fiscal Year (1)	General Fund	City of Plano			Plano School District		Allen School District		Collin County		Frisco School District		Lewisville School District		Denton County		Collin College	
		Debt Service Fund	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio	Rate	Assess- ment Ratio
2007	0.3080	0.1655	0.4735	100	1.5784	100	1.78	100	0.245	100	1.580	100	1.6400	100	0.2320	100	0.0880	100
2008	0.3210	0.1525	0.4735	100	1.2680	100	1.47	100	0.245	100	1.350	100	1.3800	100	0.2360	100	0.0800	100
2009	0.3268	0.1467	0.4735	100	1.3030	100	1.47	100	0.243	100	1.370	100	1.3800	100	0.2360	100	0.0860	100
2010	0.3284	0.1602	0.4886	100	1.3284	100	1.54	100	0.243	100	1.390	100	1.4087	100	0.2500	100	0.0860	100
2011	0.3135	0.1751	0.4886	100	1.3534	100	1.54	100	0.240	100	1.390	100	1.4267	100	0.2739	100	0.0863	100
2012	0.3149	0.1737	0.4886	100	1.3734	100	1.67	100	0.240	100	1.420	100	1.4260	100	0.2774	100	0.0863	100
2013	0.3192	0.1694	0.4886	100	1.3734	100	1.67	100	0.240	100	1.460	100	1.4530	100	0.2829	100	0.0836	100
2014	0.3296	0.1590	0.4886	100	1.4530	100	1.67	100	0.235	100	1.460	100	1.4770	100	0.2849	100	0.0836	100
2015	0.3438	0.1448	0.4886	100	1.4390	100	1.64	100	0.225	100	1.460	100	1.4770	100	0.2849	100	0.0820	100
2016	0.3576	0.1310	0.4886	100	1.4390	100	1.61	100	0.225	100	1.460	100	1.4767	100	0.2620	100	0.0820	100

(1) For School Districts, fiscal years ended on August 31 and include the County Education District tax rate.

NOTE: Property tax rates are levied per \$100 assessed valuation.

Sources: Representatives of the various taxing jurisdictions.

**CITY OF PLANO, TEXAS
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(unaudited)**

Table 7

Name of Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Oncor Electric Delivery Company	\$ 212,175,234	1	0.69%			
J C Penney Corporation Inc	166,000,000	2	0.54%	169,039,157	2	0.74%
HP Enterprise Services LLC	151,351,731	3	0.49%			
T5@Dallas LLC	146,000,000	4	0.47%			
HSP Of Texas Inc	141,146,264	5	0.46%	81,064,731	6	0.35%
TM Willow Bend Shops LP	140,600,000	6	0.45%			
Legacy Campus LP	133,735,904	7	0.43%	100,000,000	5	0.44%
Bank Of America NA	125,000,000	8	0.40%			
UDR Legacy Village LLC	122,947,560	9	0.40%			
Tollway/121 Partners LTD	114,367,577	10	0.37%	72,391,253	9	0.32%
TXU Electric Delivery Company				172,513,019	1	0.75%
Electronic Data Systems Corporation				138,310,883	3	0.60%
Willow Bend Shopping Center LP				127,000,000	4	0.55%
Collin Creek Mall LP				76,895,956	7	0.34%
Shops at Legacy (Inland) LP				75,393,638	8	0.33%
Countrywide Home Loans Inc				72,280,433	10	0.32%
	<u>\$ 1,453,324,270</u>		<u>4.70%</u>	<u>\$ 1,084,889,070</u>		<u>4.74%</u>

Source: Collin County Appraisal District

**CITY OF PLANO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)**

Table 8

Fiscal Year	Total Tax Levy	Collection Current Year's Taxes During Period	Collections Transferred to TIF Component Units	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Current Levy
2007	108,186,053	105,461,839	1,870,213	107,332,052	99.2	1,597,314	108,929,366	100.69
2008	116,214,292	113,215,333	2,127,954	115,343,287	99.3	1,279,307	116,622,594	100.35
2009	121,434,014	118,459,942	2,205,306	120,665,248	99.4	1,108,621	121,773,869	100.28
2010	123,231,506	120,537,005	1,976,550	122,513,555	99.42	775,512	123,289,067	100.05
2011 *	119,311,553	117,076,366	1,740,962	118,817,328	99.59	615,487	119,432,815	100.10
2012	121,179,947	120,112,398	682,096	120,794,494	99.68	1,384,268	122,178,762	100.82
2013	124,539,135	123,491,655	765,800	124,257,455	99.77	962,331	125,219,786	100.55
2014	130,892,241	129,629,986	765,689	130,395,675	99.62	757,597	131,153,272	100.20
2015	139,575,321	137,952,646	866,051	138,818,697	99.46	1,831,746	140,650,443	100.77
2016	151,033,590	149,652,774	1,032,587	150,685,361	99.77	2,823,743	153,509,104	101.64

* 2011 Total Levy has been reduced by \$29,552 refund for tax abatement.

CITY OF PLANO, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

Table 9

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds, Certificates of Obligation, Tax Anticipation Notes	Water and Sewer Revenue Bonds	Municipal Drainage Revenue Bonds			
2007	310,825,564	8,030,000	22,805,443	341,661,007	3.33	1,326
2008	344,466,792	5,750,000	23,482,263	373,699,055	3.44	1,429
2009	349,122,792	3,895,000	23,834,830	376,852,622	3.49	1,426
2010	342,254,729	1,955,000	26,060,884	370,270,613	3.77	1,397
2011	334,358,571	695,000	24,200,916	359,254,487	3.53	1,370
2012	332,298,643	365,000	22,210,947	354,874,590	3.49	1,345
2013	330,423,813	-	20,150,978	350,574,791	3.19	1,318
2014	319,362,266	-	18,016,010	337,378,276	3.06	1,249
2015	322,852,271	-	16,367,610	339,219,881	2.92	1,240
2016	332,366,608	28,210,692	14,279,894	374,857,194	3.19	1,355

Note: See Table 15 for personal income and population data.

CITY OF PLANO, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(unaudited)

Table 10

Fiscal Year	General Obligation Bonds, Certificates of Obligation, Tax Anticipation Notes	Less: Amounts Available in Debt Service Fund	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2007	310,825,564	4,754,700	306,070,864	1.26	1,116
2008	344,466,792	3,250,126	341,216,666	1.26	1,179
2009	349,122,792	5,491,973	343,630,819	1.20	1,162
2010	342,254,729	1,175,155	341,079,574	1.17	1,126
2011	334,358,571	2,035,641	332,322,930	1.23	1,133
2012	332,298,643	2,224,744	330,073,899	1.20	1,134
2013	330,423,813	1,573,430	328,850,383	1.16	1,112
2014	319,362,268	3,340,771	316,021,497	1.08	1,075
2015	322,852,271	3,701,797	319,150,474	1.01	1,050
2016	332,366,608	3,925,760	328,440,847	0.94	1,055

Note: See Table 5 for property value data.

Note: See Table 15 for population data.

**CITY OF PLANO, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2016
(unaudited)**

Table 11

Taxing Body	Debt Outstanding	Percentage of Debt Applicable to Area	City of Plano Share of Debt
City of Plano	\$ 328,440,847	100.00%	\$ 328,440,847
Total direct debt	328,440,847		328,440,847
Plano Independent School District	800,902,806	69.81%	559,110,249
Collin County	395,590,000	33.38%	132,047,942
Denton County	608,895,000	1.58%	9,620,541
Frisco Independent School District	1,917,140,546	13.45%	257,855,403
Allen Independent School District	590,830,275	0.65%	3,840,397
Lewisville Independent School District	1,244,153,283	3.91%	48,646,393
Collin College	16,549,972	33.38%	5,524,381
Total overlapping debt	5,574,061,882		1,016,645,306
Total direct and overlapping bonded debt	\$ 5,902,502,729		\$ 1,345,086,153
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			4.35%
Per capita overlapping bonded debt			\$ 4,861

Sources: For net bonded debt, representatives (business manager or finance officer) of the taxing jurisdictions. For percentage of debt applicable to City, the Municipal Advisory Council of Texas.

**CITY OF PLANO, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2016
(unaudited)**

Table 12

As a home rule city, the City of Plano is not limited by the law in the amount of debt it may issue. The City's Charter (Section 9.18) states

The City Council shall have the power under the provisions of the state law to levy, assess and collect an annual tax upon real and personal property within the City to the maximum provided by the Constitution and the general laws of the State of Texas. The City Council shall also have the power to levy occupation taxes on such occupations as consistent with the general laws of the State of Texas.

Article II, Section 5 of the State of Texas Constitution states in part:

...but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city.

The tax rate at October 1, 2015 is \$0.4886 per \$100.00 with assessed valuation at 100% of market value.

CITY OF PLANO, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE - WATER AND SEWER BONDS
LAST TEN FISCAL YEARS
(unaudited)

Table 13

Fiscal Year	Total Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Debt Service Requirements			
				Principal	Interest	Total	Coverage
2007	83,223,811	61,514,435	21,709,376	1,357,183	143,305	1,500,488	14.47
2008	99,931,712	64,224,159	35,707,553	1,169,492	107,551	1,277,043	27.96
2009	107,388,857	77,222,182	30,166,675	994,468	73,915	1,068,383	28.24
2010	116,274,847	77,198,970	39,075,877	670,286	40,269	710,555	54.99
2011	127,990,851	80,214,600	47,776,251	362,609	22,122	384,731	124.18
2012	114,265,966	87,746,758	26,519,208	398,182	15,927	414,109	64.04
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	140,225,993	109,029,327	31,196,666	930,000	985,050	1,915,050	1629%

Note: Direct operating expense excludes depreciation, charges in lieu of taxes, and net pension expense.
For the 2016 bond issue, a reserve fund is not required so long as the net revenues equal or exceed 150% of the annual debt service requirements due and payable in the fiscal year.

CITY OF PLANO, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE - MUNICIPAL DRAINAGE BONDS
LAST TEN FISCAL YEARS
(unaudited)

Table 14

Fiscal Year	Gross Revenue	Operating and Maintenance Expense	Gross Revenues Times Expense	Average Annual Debt Service Requirement			Coverage
				Principal	Interest	Total	
2007	5,590,039	2,099,427	2.66	1,123,750	397,823	1,521,573	2.29
2008	5,490,072	2,248,948	2.44	1,158,500	403,715	1,562,215	2.07
2009	5,250,108	2,444,101	2.15	1,250,250	436,656	1,686,906	1.66
2010	5,331,169	2,475,433	N/A	1,282,500	421,898	1,704,398	1.68
2011	5,432,677	2,411,295	N/A	1,253,421	387,407	1,640,828	1.84
2012	5,334,131	2,615,205	N/A	1,213,889	356,451	1,570,340	1.73
2013	6,327,655	2,524,631	N/A	1,165,588	325,751	1,491,339	2.55
2014	7,475,077	2,852,291	N/A	1,106,563	295,615	1,402,178	3.30
2015	7,256,952	3,350,309	N/A	1,053,667	230,741	1,284,408	3.04
2016	7,380,706	3,445,947	N/A	982,857	211,124	1,193,981	3.30

Note: Operating expense excludes depreciation and net pension expense.

NOTE: 1995 is the first Fiscal Year of coverage for the bonds. Bond ordinance requires that revenues are at least 1.25 times the average annual debt service for all outstanding bonds. Beginning in Fiscal Year 2010, the City no longer has the requirement related to gross revenues times expense.

**CITY OF PLANO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)**

Table 15

DEMOGRAPHICS					
Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	PISD School Enrollment	Unemployment Rate (%)
2007	257,600	10,250,853	39,794	52,997	3.9
2008	261,500	10,861,901	41,537	53,683	4.8
2009	264,250	10,813,110	40,920	54,203	7.6
2010	265,000	9,813,480	37,032	54,939	7.0
2011	262,200	10,167,592	38,778	55,570	7.4
2012	263,750	10,162,288	38,530	55,659	5.6
2013	265,900	11,004,272	41,385	54,735	5.6
2014	270,100	11,308,547	41,868	54,822	4.6
2015	273,600	11,604,197	42,413	54,689	3.5
2016	276,700	11,765,837	42,522	54,573	3.7

Sources: Population estimates were prepared by the City of Plano. Personal income estimates were obtained from the U.S. Census Bureau for the year 2014. School enrollment figures were provided by the Plano Independent School District (PISD). Unemployment rates were provided by the Texas Workforce Commission.

**CITY OF PLANO, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO
(unaudited)**

Table 16

2016			2010		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Capital One Finance	5,500	3.51	HP Enterprise Services	6,000	4.37
Bank of America Home Loans	3,400	2.17	Bank of America Home Loans	5,400	3.93
HP Enterprise Services	3,250	2.08	JCPenney	5,000	3.64
Ericsson	3,020	1.93	Dell	3,000	2.19
Frito-Lay	2,500	1.60	Alcatel - Lucent	2,400	1.75
J. C. Penney Company, Inc.	2,420	1.55	Frito-Lay	2,400	1.75
Dell Services	2,250	1.44	Ericsson	2,200	1.60
Texas Health Presbyterian Hospital Plano	1,680	1.07	Capital One	1,800	1.31
Medical Center of Plano	1,600	1.02	Medical Center of Plano	1,300	0.95
PepsiCo	1,340	0.86	Dr. Pepper Snapple Group	1,250	0.91
Total	26,960	17.23	Total	30,750	22.40

Sources: Plano Economic Development Board
Sources: Texas Workforce Commission

CITY OF PLANO, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)

Table 17

	Fiscal year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	90.0	93.0	91.0	96.5	95.0	93.5	54.5	64.5	63.5	65.0
Administrative services	91.5	87.5	83.5	81.5	79.5	79.0	79.5	79.5	86.0	79.0
Police	628.0	611.0	625.5	616.0	606.0	604.5	620.0	651.5	661.0	661.5
Fire	362.5	365.0	359.0	349.0	335.0	334.0	335.0	334.0	335.5	333.0
Libraries	155.0	149.0	148.5	148.5	149.0	159.0	157.0	156.0	172.0	170.0
Development	180.0	167.0	155.5	147.5	148.0	148.0	149.5	159.5	164.0	164.0
Public services and operations	73.0	71.5	69.0	66.5	66.5	67.5	60.5	66.0	64.0	66.5
Parks and recreation	360.5	358.0	347.5	386.0	357.0	342.0	387.5	378.0	376.5	311.5
Public works	66.0	61.0	61.0	61.0	55.0	56.5	64.0	61.5	65.5	61.0
Technology services	58.0	55.0	57.0	50.0	46.0	47.0	49.0	50.0	50.0	47.0
Water and sewer	145.5	147.0	150.0	147.0	146.0	144.5	152.0	153.0	146.5	147.5
Environmental waste services	94.5	95.5	97.5	94.0	95.5	95.5	95.0	93.0	90.5	89.5
Municipal drainage	28.0	28.0	25.0	22.0	22.0	20.0	22.0	19.0	18.0	18.0
Civic center	39.5	40.0	42.0	40.0	40.5	43.0	48.5	50.0	47.5	49.0
Municipal golf course	8.0	8.0	9.5	8.0	8.5	7.0	6.0	7.0	8.0	9.0
Recreation revolving	149.5	126.5	138.5	139.0	160.5	159.0	160.5	169.0	148.0	107.0
Total	2,529.5	2,463.0	2,460.0	2,452.5	2,410.0	2,400.0	2,440.5	2,491.5	2,496.5	2,378.5

CITY OF PLANO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

Table 18

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administrative Services										
Legal										
Ordinance/resolution review/preparation	226	194	226	237	240	258	266	552	658	677
Human Resources										
Full-time civilian employees	1,410	1,378	1,363	1,330	1,308	1,320	1,349	1,387	1,422	2,050
Accounting										
Payment requests processed	66,170	64,268	64,765	66,076	63,183	65,723	70,850	81,677	86,869	82,630
Police										
Employees (uniformed)	361	346	352	345	340	335	340	341	344	343
Citations	63,559	65,269	68,258	72,507	75,009	60,378	68,598	92,133	87,801	79,224
Public Safety Communications										
911 Calls*	159,795	166,304	164,299	160,196	150,508	150,614	157,277	234,876	228,214	165,194
911 Dispatches*	215,733	218,773	226,704	235,572	239,491	232,981	240,175	229,669	222,252	146,277
Fire										
Employees (uniformed)	343	347	341	333	316	315	313	323	317	319
Fire runs	25,005	24,618	22,615	21,801	20,342	21,040	19,893	20,235	19,665	18,964
EMS runs	15,689	15,462	14,521	14,155	13,293	12,902	12,782	13,693	12,297	11,734
Libraries										
Volumes in collection	770,701	786,982	803,074	811,941	807,343	798,347	757,837	793,073	804,410	761,236
Registered borrowers	181,131	200,369	203,478	205,512	206,550	204,234	200,386	196,093	192,578	173,341
Development										
Building Inspections										
Inspections (all construction)	65,230	59,384	56,014	62,479	58,217	53,890	50,790	52,805	80,600	80,732
New construction permits issued	5,446	1,070	810	818	854	1,885	1,010	825	1,718	1,578
Engineering										
New Streets/Alleys paved (miles)	4	4	5	5	2	4	3	2	9	15
New Water lines installed (miles)	18	24	16	21	14	10	23	28	36	46
Public Services and Operations										
Environmental Health										
Inspections	6,482	5,929	6,087	5,898	5,478	4,489	4,554	3,931	3,961	3,909
Animal Control										
Animals impounded	6,947	7,687	8,302	9,152	9,388	7,591	9,616	8,728	8,307	6,241

**CITY OF PLANO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)**

**Table 18
(continued)**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Parks and Recreation										
Recreation attendance	2,561,438	2,420,165	2,356,309	2,393,394	2,447,363	2,169,763	2,361,390	2,377,182	2,341,119	1,691,348
Recreation center members	51,254	49,857	52,664	50,476	35,222	21,690	22,246	22,083	38,341	16,371
Public Works										
Streets										
Streets, Alleys, and Sidewalks										
Excavate/Replace (Sq Ft)	2,109,483	1,661,006	1,607,939	1,490,877	975,140	1,639,893	1,377,388	877,475	984,657	1,091,732
Water and Sewer										
Water Customers	82,388	80,371	79,139	78,534	78,144	77,720	79,243	77,082	77,440	77,961
Average Daily Water Consumption (gal)	56,517,827	49,676,000	73,200,000	80,928,294	80,284,182	61,740,731	63,893,260	62,645,000	61,657,000	52,211,000
Maximum Storage Capacity (gal)	85,500,000	85,500,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000	88,000,000
Environmental Waste Services (residential)										
Refuse collected (tons)	60,287	58,703	57,154	57,191	57,810	62,078	59,530	60,670	62,982	63,154
Bulky waste pickups (tons)	6,535	5,095	4,925	4,600	4,194	5,544	5,142	5,264	5,650	5,240
Recyclables collected (tons)	18,406	18,627	18,623	18,816	18,882	19,216	19,435	19,632	20,867	20,469
Yard trimmings collected (tons)	21,199	20,840	24,299	21,108	19,614	21,139	21,704	21,465	26,836	24,541
Municipal Drainage										
Environmental assessment requests	171	207	133	92	74	70	65	54	82	120
Storm sewer inlets maintained	9,268	8,462	8,983	9,527	9,673	10,483	10,483	10,483	4,139	10,483
Civic Center										
Event days booked and serviced	246	275	247	249	693	883	834	1,145	1,200	1,256
Municipal Golf Course										
Rounds of golf played	48,982	45,223	50,447	53,324	50,759	4,902	41,592	54,109	55,004	51,254
Recreation Revolving										
Courses completed	6,971	7,137	6,966	7,172	6,810	6,924	7,046	6,822	6,896	6,504

Source: City Departments

Notes: *911 Calls and 911 dispatches include all calls to 911 which represent both police and fire.

Operating indicators are not available for the general government, technology services, property management or downtown center development functions.

CITY OF PLANO, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

Table 19

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of patrol units	130	127	124	128	126	121	143	166	189	135
Number of motorcycle units	5	5	6	6	7	7	6	6	6	8
Fire										
Number of stations	13	13	13	13	13	13	12	11	11	11
Number of fire engines/trucks	22	22	22	22	22	22	22	22	22	21
Number of EMS trucks	11	10	10	10	10	10	10	7	7	8
Libraries										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Development										
Planning										
Streets- Paved (miles)	1,039	1,035	1,031	1,026	1,021	1,019	1,016	1,014	1,012	1,004
Alleys- Paved (miles)	519	519	519	519	519	519	518	517	517	516
Public Services and Operations										
Animal Services										
Animal control trucks	8	8	8	8	8	8	8	8	15	14
Parks and Recreation										
Parks* (acres)	4,268	4,244	4,241	4,002	3,995	3,994	3,936	3,858	3,858	3,858
Athletic fields	171	179	179	179	179	179	179	179	179	175
Playgrounds	69	70	69	69	69	71	71	71	71	68
Recreation centers	5	4	4	4	4	4	4	5	5	5
Tennis centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Aquatic/Natatorium	8	7	8	9	9	9	9	9	9	4
Public Works										
Traffic signals	225	221	220	219	219	216	215	212	211	207

**CITY OF PLANO, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

**Table 19
(continued)**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Water and Sewer										
Water mains (miles)	1,414	1,405	1,391	1,384	1,373	1,367	1,362	1,351	1,335	1,317
Sanitary sewers (miles)	1,032	1,029	1,024	1,019	1,014	1,009	1,007	1,001	999	992
Fire hydrants	15,256	15,111	14,918	14,817	14,677	14,604	14,516	14,369	14,109	13,840
Environmental Waste Services										
Collection trucks	50	50	50	50	50	48	45	45	45	42
Municipal Drainage										
Storm sewers (miles)	688	682	677	673	668	665	662	656	646	635
Civic Center										
Civic Centers	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes: N/A - Data not available.

*Includes Golf Course.

Capital asset indicators are not available for the general government, administrative services, property management, recreation revolving or downtown center development functions.